

BEFORE THE ILLINOIS COMMERCE COMMISSION

Docket No. 04-0428

**Direct Testimony of Carl C. Albright Jr.
On Behalf of SBC Illinois**

**SBC Illinois Exhibit 1.0
(Revised)**

September 21, 2004

ISSUES

**GT&C Definitions 1, 9-14, 21
NIM 1-6, 8
ITR 2, 4-6, 8-9, 11-16
OET 4-12
IC 3, 17**

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DIRECT TESTIMONY OF CARL C. ALBRIGHT, JR.

ON BEHALF OF SBC ILLINOIS

I. INTRODUCTION AND SUMMARY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Carl C. Albright, Jr. My address is Three SBC Plaza Room 710.A4, Dallas, Texas 75202.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by SBC Operations as Area Manager-Network Regulatory.

Q. WHAT ARE YOUR RESPONSIBILITIES AS AREA MANAGER- NETWORK REGULATORY?

A. My primary responsibility is to represent network interests and policies on regulatory and wholesale market issues (specific to interconnection) that impact the network for the SBC-Midwest, SBC-SNET, SBC-Southwest and SBC-West regions.

Q. PLEASE OUTLINE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I have been employed by SBC for 25 years. My entire career has been on the Network side of SBC starting with Network Distribution in outside installation, repair, and maintenance, after which I spent time in Network Operations in the Central Office Special Services group. I also supported Network Operations as a technical instructor for SBC for 5 years developing and delivering broadband transport courses, from fundamental fiber optics to advanced SONET, as well as DCS and SS7. I also worked with SBC Wireless (now called Cingular) for 4 years managing the development, implementation, measurement and evaluation of technical training for the SBC Wireless

Network Operation's organization. I have a Bachelors Degree in Management from Lamar University, Beaumont, TX.

Q. HAVE YOU TESTIFIED BEFORE ANY STATE COMMISSIONS BEFORE?

A. Yes. I have testified before the Michigan Commission in the McLeod arbitration proceeding. I have testified before the Illinois Commission in the MCI arbitration (ICC Docket # 04-0469). I have also testified before the Texas Commission in the EPN arbitration (Docket No. 25188), the Fitch Affordable Arbitration Docket No. 29415, and the Texas Mega Arbitration Docket No. 28821.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will explain and support the technical aspects of SBC's position with respect to disputed issues in the Definitions Section of the General Terms and Conditions (GT&C) Appendix, the Network Interconnection Methods (NIM) Appendix, the Interconnection Trunk Requirements (ITR) Appendix, the Out-of-Exchange Traffic (OET) Appendix, and the Intercarrier Compensation Appendix.

II. SBC'S NETWORK

Q. WHAT IS A POINT OF INTERCONNECTION (POI)?

A. A Point of Interconnection is the point at which SBC's network and the network of another carrier meet and connect in order to exchange traffic.

Q. HOW DO THE TWO CARRIERS EXCHANGE TRAFFIC AT THIS POI?

A. Traffic is exchanged over trunk groups that are provisioned on the facilities.

Q. ARE CALLS CARRIED OVER TRUNKS OR FACILITIES?

A. Both. However, there is a difference between a trunk and a facility.

Q. CAN YOU EXPLAIN THE DIFFERENCE BETWEEN FACILITIES AND TRUNKS?

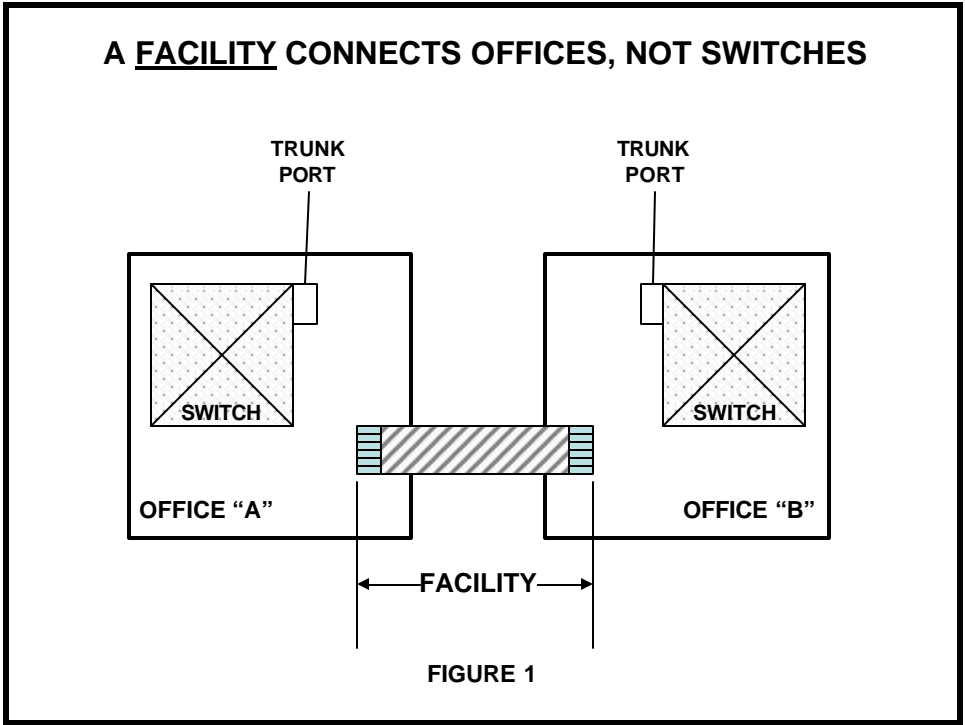
49 A. Yes. There is a definite distinction between the two. Below is information that describes
50 both in detail.

51 *Facilities:* A facility is a physical medium used to connect two points on a network.
52 Facilities in the SBC network are primarily made of copper or fiber optic cable. Facilities
53 establish physical connectivity between central offices. Usually this physical facility is
54 fiber or copper cable. When two telecommunications companies interconnect their
55 networks together, facilities are physically connected together linking the two networks
56 to one another. The point at which this connecting or linking takes place is known as the
57 Point of Interconnection or POI. This physical linking of the two companies' facilities
58 creates an end to end facility path that allows each company to establish the trunking
59 network between their switches. It is common to see facilities referred to in terms such
60 as DS1, DS3, OC3, or OC12.

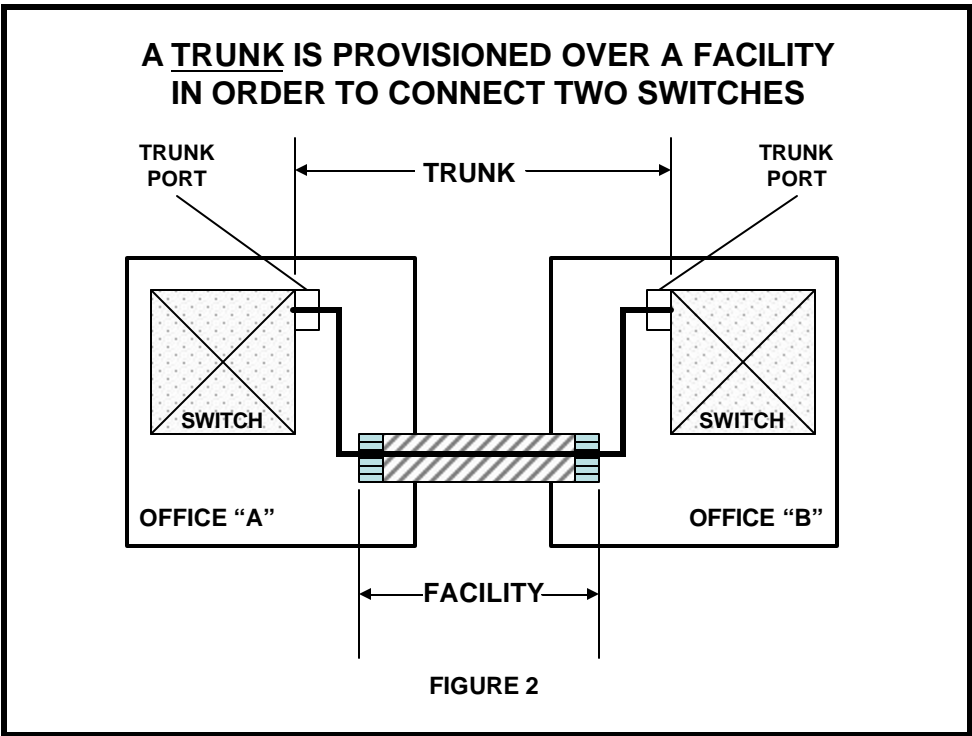
61 *Trunks:* Trunks are ports on a switch used to create a dedicated talk path from one switch
62 to another. Between switches there is typically a need for more than one talk path so that
63 multiple trunks can be grouped together in software in what is referred to as a Trunk
64 Group (TG). Each TG will be dedicated for calls between the two switches. When an
65 end user in one switch wants to call an end user in another switch, the originating switch
66 routes the call (based on the NPA-NXX of the end user being called) to a particular
67 Trunk Group. Within the Trunk Group, an idle trunk is identified and is then dedicated to
68 that call for the duration of the call. Consequently, no other call can use that trunk until
69 the current call is completed. See Figures 1 and 2 on following page.

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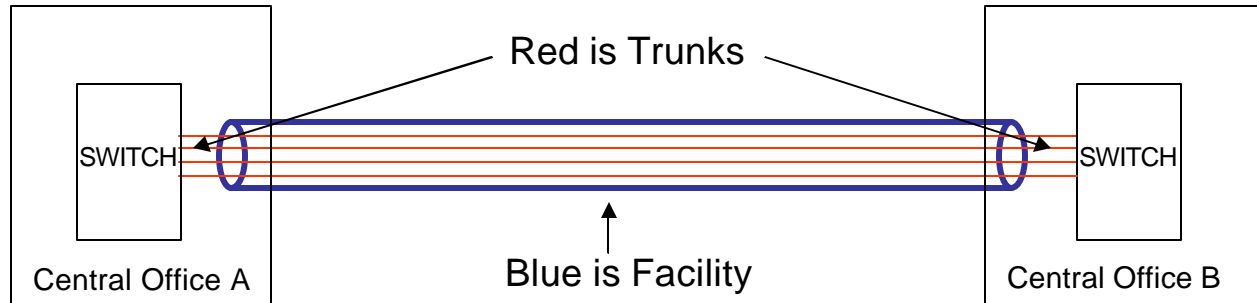
Level 3 incorrectly uses the two terms interchangeably saying it has facilities to a certain location when in fact it has trunks to a location and the underlying facilities are actually SBC's. Level 3 also infers that there are financial responsibilities for trunks when in fact financial responsibilities are for the underlying facility, not the trunks themselves. Additionally, Level 3 seems to believe that every point in the network where they establish trunks constitutes a point of interconnection (POI) (for example, see Level 3 position statements for ITR Issue 4). Trunking to a point in the network does not create a POI. The POI is only created when Level 3's facilities are physically connected to SBC's network. While trunks require a facility so that SBC and Level 3 can exchange traffic, this is just one use of a facility. Facilities are used to connect many types of communications devices, e.g., burglar alarm systems or computers. One must remember that each is a separate and distinct entity.

Q. CAN YOU ESTABLISH TRUNKING BETWEEN OFFICES WITHOUT A FACILITY?

A. No. Trunks ride over facilities. Without a facility to ride, a path (trunk) for calls between switches cannot be established. Similarly, simply having a facility between two points is not enough to complete a call. A trunk must ride the facility for a call to be completed. For a call to complete it must find an available trunk riding a facility. Trunks and facilities work hand-in-hand so calls can be completed.

The distinction between a trunk and a facility is best described in the illustration below.

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In this illustration you see that a physical facility (e.g. DS1, DS3) exists between Central Office A and Central Office B (the blue, thick lines). Trunks (the red, thin lines) are then provisioned over the facility to establish the talking path between the two switches.

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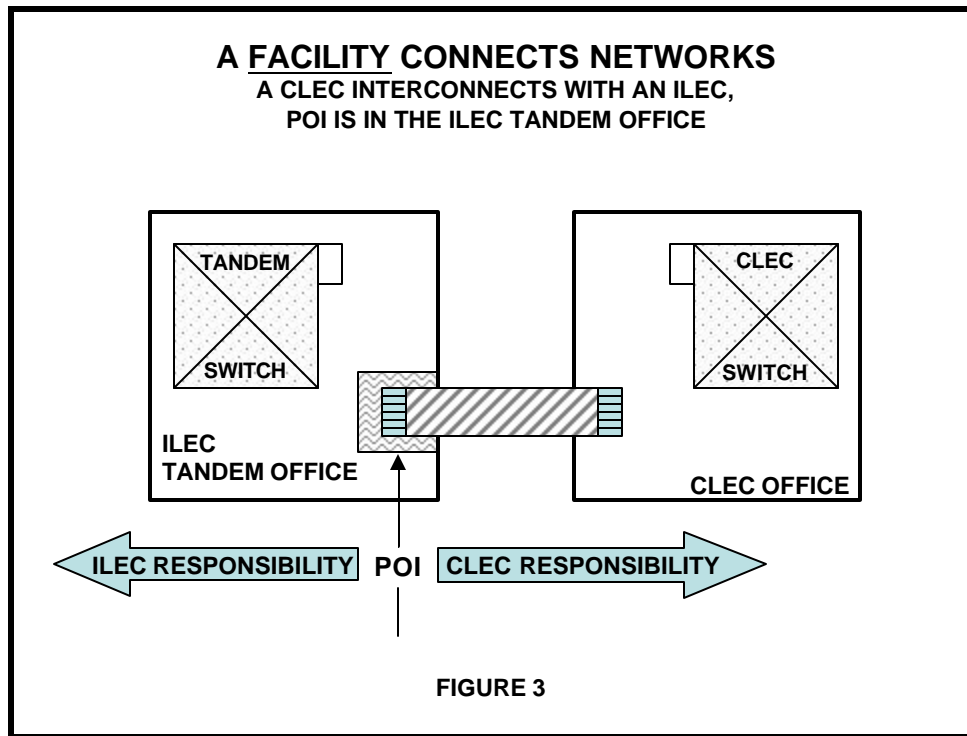
108

Q. WHY IS THE DISTINCTION BETWEEN TRUNKS AND FACILITIES IMPORTANT?

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A. This distinction is important, particularly to this case, because of the associated costs. SBC does not bill Level 3 for trunks. When a carrier purchases a switch, the switch is equipped with a certain amount of trunks, engineered based on the number of subscriber lines it serves. When Level 3 requests the use of an SBC Facility to Interconnect with SBC, there is a charge for the facility. Level 3 would have this Commission believe that they are one in the same and that the more trunks SBC asks them to provision, the higher its costs. That is not the case. SBC's proposal would allow for Level 3 to establish trunks to the necessary offices while SBC assumed the financial responsibility for the underlying facilities until certain criteria were met.

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Q. WHAT TYPES OF TANDEMS DOES SBC EMPLOY?

A. SBC employs several types of tandems in its network. All SBC tandems can be categorized according to the function that the tandem performs. The function of the tandem refers to the type of traffic the tandem handles. There are single purpose tandems such as Local Only tandems, Operator Tandems, and Inter-LATA or Access Tandems. There are also multi-purpose or Multi-function Tandems such as Combined Local and Intra-LATA Tandems; Combined Intra-LATA and Inter-LATA Tandems (also referred to as an Access Tandem); and there are Combined Local, Intra-LATA, and Inter-LATA Tandems.

Q. WHAT IS AN ACCESS TANDEM?

A. An Access Tandem is a switch that is designed and engineered to provide access between the Local Exchange Carrier ("LEC") Network and the Inter-exchange Carrier Network. An Access Tandem provides end users in the LEC Network with access to an IXC that

they have chosen to handle Inter-LATA long distance calls. An Access Tandem also provides the IXC's access to the end users in the LEC network for terminating calls from end users in other LATAs. Sometimes, an Access Tandem is also referred to as a "Feature Group D" tandem, or as an "Equal Access" Tandem, or as an Inter-LATA Tandem.

Q. ARE THERE ANY ATTRIBUTES TO AN ACCESS TANDEM THAT WOULD LEND ITSELF TO VARIATIONS IN THE DEFINITION PROVIDED ABOVE?

A. No. An Access Tandem is an Access Tandem. The definition provided above is an industry accepted standard, and SBC is not sure why Level 3 (in its testimony on GT&C Definition 1) has proposed a variation.

Q. DOES SBC HAVE ANY "ACCESS TANDEM SWITCHES" THAT FIT THE DEFINITION LEVEL 3 HAS PROPOSED?

A. As discussed further below in GT&C Def 1, Level 3 has proposed language that limits the definition of an Access Tandem switch to one that only carries Inter-LATA Inter-exchange Carrier (IXC) traffic. SBC does employ access tandems as defined by Level 3 in its proposed language, but SBC does not solely use this type of tandem to handle IXC traffic; SBC also uses combination tandem switches, which handle a combination of different traffic types, including IXC traffic.

Q. HOW MANY TANDEM'S DOES SBC HAVE IN ILLINOIS?

A. SBC has twenty four tandems in Illinois, including Operator Service Tandems. Of these tandem switches, Nortel manufactured twelve, and Lucent Technologies manufactured twelve.

Q. WHERE ARE SBC'S TWENTY FOUR TANDEM'S LOCATED IN ILLINOIS, AND WHAT TYPES TRAFFIC DO THEY HANDLE?

153 A. The following table identifies, by LATA, the Sector in which each SBC tandem resides,
154 the respective Common Language Location Identification (CLLI) Code and a summary
155 of the types of traffic each SBC tandem handles. An explanation of the abbreviations
156 used in this table to denote the type of traffic or tandem function follows:

<u>Abbreviation</u>	<u>Description</u>
158 IRL	Inter-LATA Traffic
159 IAL	Intra-LATA Traffic
160 LCL	Local Traffic
161 R	8YY Toll-Free Calling Traffic
162 OPR-H	Operator Services Tandem and a Host for a Remote OS Tandem
164 R-OPR	Tandem that provides OS as a Remote
165 EO Host	Host for Remote End Offices
166	

ILLINOIS

<u>LATA/SECTOR</u>	<u>CLLI CODE</u>	<u>IRL</u>	<u>IAL</u>	<u>LCL</u>	<u>OPR</u>	<u>800</u>	<u>EO</u>
358 - CHICAGO	CHCGILNE20T	X	X	X		X	
358 - CHICAGO	CHCGILNE50T	X	X	X		X	
358 - CHICAGO	CHCGILWB55T	X	X	X		X	
358 - CHICAGO	CHCGILWB50T				H		
358 - CHICAGO	CHCGILST55T	X	X	X		X	
358 - CHICAGO	CHCGILWB12T	X	X	X		X	
358 - HOFFMAN ESTATES	HFESILWL50T				R		
358 - LA GRANGE	LGRCILLG55T		X	X			
358 - LA GRANGE	LGRCILLG50T	X	X	X		X	
358 - LOMBARD	LBRDILLM20T	X	X	X		X	
358 - NORTHBROOK	NBRKILNT55T	X	X	X		X	
358 - NORTHBROOK	NBRKILNT52T	X	X	X		X	
358- HARVEY	HRVYILHA61T		X	X			
358- ILL DEARBORN	CHCGILID71T	X	X	X		X	
358 - JOLIET	JOLTILJO20T	X				X	
358 - NORTH CHICAGO	NCHCILNC20T	X	X	X		X	
360 - ROCKFORD	RCFRILRT52T	X	X	X	R	X	
368 - PEORIA	PEORILPJ52T	X	X	X		X	X
370 - CHAMPAIGN	CHMPILCP51T	X	X	X	R	X	X
374 - DECATUR	DCTRILDC51T	X	X	X		X	X
374 - SPRINGFIELD	SPFDILES52T	X	X	X	R	X	
520 - CENTRALIA	CENLILCE51T	X	X	X		X	X

520 - COLLINSVILLE	COVLILCQ50T	X	X	X	R	X	X
634 - ROCK ISLAND	RCISILRI51T	X	X	X		X	X
TOTAL		20	21	21	6	20	6

Q. WHAT IS THE BASIC FUNCTION OF A TANDEM SWITCH?

A. The basic function of a tandem switch is to switch calls or traffic between other switches - that is, calls from one switch to another switch for which there is no available direct trunk path connecting those switches. A tandem switch accomplishes this by connecting a trunk, which comes from one switch, to a trunk that goes to another switch. A tandem switch does this for all types of traffic.

III. POINT OF INTERCONNECTION (POI)

NIM ISSUE 1: SHOULD THE INTERCONNECTION AGREEMENT (ICA) GOVERN THE TERMS AND CONDITIONS FOR THE INTERCONNECTION ARCHITECTURE BETWEEN THE PARTIES' NETWORK FOR ALL TRAFFIC?¹

Agreement Reference: Network Interconnection Methods Section 1.1

Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN SBC AND LEVEL 3 ON NIM ISSUE 1?

A. There are two parts to the dispute between SBC and Level 3 over NIM issue 1. Concerning the first part of the dispute, SBC accepts Level 3's language that reads, "may not be used solely for purposes not permitted under the Act." As such, that portion of the dispute is resolved.

Q. WHAT IS THE SECOND PART OF THE DISPUTE BETWEEN SBC AND LEVEL 3 ON NIM ISSUE 1?

¹ Level 3 typically refers not only to the agreed issue numbers that appear in the left-hand column on the DPLs, but also to the tiers and issue numbers that Level 3 used in its petition for arbitration. SBC does not find Level 3's tiers and issue numbers helpful, so I do not refer to them in my testimony.

189 A. SBC proposes to include the following phrase: "...including, but not limited to, solely for
190 the purpose of originating a Party's own interexchange traffic." Level 3 does not believe
191 this phrase should be included in the Interconnection Agreement.

192 **Q. WHY DOES SBC WANT THIS LANGUAGE IN THE INTERCONNECTION**
193 **AGREEMENT?**

194 A. Level 3 cannot use the Interconnection Architecture facilities and equipment solely for
195 the purpose of originating or terminating its interexchange traffic. The language SBC has
196 proposed for NIM Appendix section 1.1 provides that these facilities and equipment are
197 not to be used solely for this purpose.

198 **Q. CAN SBC PROVIDE ANY SUPPORT FOR ITS POSITION ON NIM ISSUE 1?**

199 A. Yes. Paragraph 191 of the *Local Competition Proceeding First Report and Order* states:
200 "We conclude, however, that *an IXC that requests interconnection solely for the purpose*
201 *of originating or terminating its interexchange traffic*, not for the provision of telephone
202 exchange service and exchange access to others, *on an incumbent LEC's network is not*
203 *entitled to receive interconnection pursuant to section 251(c)(2).*"² Accordingly, SBC's
204 proposed language should be adopted.

205 **NIM ISSUE 2: SHOULD LEVEL 3 BE REQUIRED TO BEAR THE COST**
206 **OF SELECTING A TECHNICALLY FEASIBLE BUT**
207 **EXPENSIVE FORM OF INTERCONNECTION SUCH AS A**
208 **SINGLE POINT OF INTERCONNECTION OR A POINT OF**
209 **INTERCONNECTION OUTSIDE THE LOCAL CALLING**
210 **AREA?**

211 **Agreement Reference: Network Interconnection Methods**
212 **Sections 2.1, 2.1.1-2.1.10**

² First Report and Order, *In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket 96-98, FCC 96-325, August 8, 1996, at ¶ 191 ("*First Report and Order*") (emphasis added).

Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN SBC AND LEVEL 3 ON NIM ISSUE 2?

A. SBC and Level 3 disagree on the possible methods of interconnecting to each other's networks. Level 3 mistakenly assumes that since SBC-LD can deliver calls outside of a LATA to any point within another LATA, it should obtain that service from SBC as well. Specifically, Level 3 requests that it be permitted to interconnect at a single POI within a LATA (which is permitted under the law and under SBC's proposed language) *and* be permitted to interconnect at a single POI "within an area that is larger than the LATA" (a request that is not supported by the law).

Level 3 also mistakenly assumes (Gates at p. 6) that SBC's proposed language "permit[s] SBC to unilaterally designate POIs, or require multiple POIs within a LATA." See also Hunt at p. 36. Neither is the case. As discussed below, SBC's proposed language gives Level 3 the option of interconnecting at a single POI in a LATA in addition to two other interconnection options. Thus, the issue here is *not* whether Level 3 can interconnect at a single POI in a LATA or whether Level 3 can select the location of the POI (Level 3 is permitted to do both under SBC's proposed language); rather, the issue is whether Level 3 should pay SBC when it requests an expensive form of interconnection.

Q. WHAT METHODS OF INTERCONNECTING NETWORKS DOES SBC OFFER TO LEVEL 3 IN SECTION 2 OF THE NIM APPENDIX?

A. The language SBC proposes in Section 2 of the NIM Appendix offers Level 3 three methods of interconnecting its network with SBC's network:

? At a POI in each tandem serving area;

? At a POI that is not in the tandem serving area, yet still within the LATA
("Distant POI");

? Or, at a single POI in the LATA on SBC's network.

SBC also proposes an End Office Interconnection for when an SBC end office subtends another ILEC's tandem switch. This method is only intended for the exchange of traffic between the SBC customers served by that switch and Level 3 customers within that exchange.

Q. LEVEL 3 SUGGESTS THAT SBC'S PROPOSED LANGUAGE WOULD FORCE IT TO ESTABLISH MULTIPLE POIS PER LATA. HOW DO YOU RESPOND?

A. Throughout its testimony Level 3 mischaracterizes SBC's proposal, suggesting that it does not permit Level 3 to interconnect at a single POI in the LATA, but instead *requires* Level 3 to establish a POI at each tandem. One look at the plain language of SBC's proposal shows that this is not true. SBC's proposed language gives Level 3 the option to select from *three* interconnection options – one of which is to select a single POI in a LATA. SBC is simply requesting that if Level 3 chooses an expensive form of interconnection, it compensate SBC accordingly. Because SBC's proposed language does not prohibit Level 3 from choosing a single POI per LATA, Level 3's extensive discussion about the alleged inefficiency and detrimental effect of requiring multiple POIs (Gates at pp. 20-21, 24-25; Wilson at pp. 9-10; Hunt at pp. 37-40), as well as its discussion about SBC's purported "incentives" for requiring multiple POIs (Gates at pp. 22-23), is irrelevant. I will note, however, that despite Level 3's criticism of any requirement to establish multiple POIs per LATA, Level 3 admits that it sometimes establishes multiple POIs in a LATA (Gates at pp. 21-22). Thus, SBC's proposed language permitting it to do so should be included in the interconnection agreement.

Q. LEVEL 3 SUGGESTS (GATES AT PP. 20-21) THAT SBC'S PROPOSED LANGUAGE SOMEHOW PERMITS SBC "TO IDENTIFY A SINGLE POI OR MULTIPLE POIS FOR ORIGINATING TRAFFIC." HOW DO YOU RESPOND?

A. Again, that is not true. SBC's proposed language set forth above plainly does not permit SBC to choose the location or number of POIs; rather, it gives Level 3 three options for interconnecting with SBC's network.

Q. WHAT IS LEVEL 3'S POSITION CONCERNING ADDITIONAL POIS?

A. Level 3 argues that SBC's proposal "force[s] Level 3 to invest in facilities that are not justified from a market or engineering standpoint." Gates at p. 21; see also Hunt at pp. 37-38.

Q. HOW DO YOU RESPOND?

A. That is not true. In fact, Mr. Gates acknowledges that "later, when customer acquisition results in traffic volumes that have a community of interest that is diverse enough to make multiple connections efficient from an engineering perspective, would multiple POIs be economically efficient" (p. 20). This is in agreement with what SBC believes should happen and is similar to a Texas Commission ruling in Docket # 21791:

While the establishment of a single POI may be efficient during initial market entry, once growth accelerates, what was initially economically efficient may become extremely burdensome for one party. Although the FCC's First Report and Order expressly provides for interconnection at any technically feasible point, it does not appear to state that only one POI is required.³

Further, Mr. Gates incorrectly argues that Level 3's deployment of facilities would equate to "shifting improperly the costs of building out the SBC network to its

³ Arbitration Award, *Petition of Southwestern Bell Telephone Company for Arbitration with MCI Worldcom Communications, Inc. Pursuant to Section 252(b)(1) of the Federal Telecommunications Act of 1996*, PUC Docket No. 21791 (Pub. Utils. Comm'n Texas, May 26, 2000) at 12.

competitor” (p. 21). Nothing in Section 251(c)(2) of the Act requires SBC to build out its network to its competitor. Instead, SBC must provide interconnection within its network for the facilities and equipment of the requesting carriers. This has been further confirmed by the FCC in the *TRO*,⁴ in which the FCC clarified that “transmission links that simply connect a competing carrier’s network to the incumbent LEC’s network are not inherently a part of the incumbent LEC’s local network.” *TRO*, ¶ 366. The FCC went on to state that competing carriers have control over where to locate their network facilities to minimize self-deployment costs and that those costs should be incorporated “into their network deployment strategies rather than rely exclusively on the incumbent LEC’s network.” *TRO*, ¶ 367.

Q. WOULD LEVEL 3’S PROPOSAL TO DECOMMISSION POIS AT ITS DISCRETION PLACE ADDITIONAL BURDENS ON SBC?

A. Yes. Level 3 argues (Gates at pp. 24, 30) that it should be allowed to remove, restructure or relocate the POI or POIs without SBC imposing charges for doing so.

Q. HOW DO YOU RESPOND?

A. Mr. Gates’ testimony is misleading. Mr. Gates implies that SBC upgrading from an older copper based facilities network to a fiber optics based facilities network is equivalent to decommissioning facilities. That would be like saying SBC is upgrading its copper based network by requiring all customers to build their own transport facilities back to the appropriate SBC end office switch. Level 3 seeks authority from this Commission to dismantle its existing multiple POI arrangements for no other reason than to shift Level

⁴ Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket Nos. 01-338 et al., FCC 03-36 (rel. Aug. 21, 2003) (“*Triennial Review Order*” or “*TRO*”).

3's obligations for Level 3's facilities requirements to interconnect to SBC. In effect, Level 3 would abrogate the FCC's ruling in the TRO regarding the competing carrier's responsibility for those facilities.

Q. WHAT METHODS OF INTERCONNECTING NETWORKS DOES LEVEL 3 PROPOSE?

A. Level 3 proposes the following methods:

? At a single POI that is either within the LATA, or within an area that is larger than the LATA.

Effectively, Level 3 is proposing to establish a POI somewhere outside of the LATA in which it wishes to exchange local and intra-LATA traffic.

Level 3 spends pages of its testimony (Hunt at pp. 38-39; Wilson at pp. 10-12; Gates at pp. 18-19) arguing that it should be permitted to select the location of the POI and to interconnect at a single POI in a LATA – even though SBC's proposed language permits Level 3 to select the location of the POI and gives Level 3 the option to select a single POI in a LATA (as well as two additional options for interconnection). Level 3, however, fails to cite any support for its proposal to interconnect within an area *larger* than the LATA because there is no such support. In fact, Level 3's testimony largely ignores its proposed language that it be permitted to establish a single POI in an area *outside* of the LATA, focusing only on its proposed language regarding a single POI in a LATA. See Hunt at pp. 37-39; Gates at pp. 18-20; Wilson at pp. 9-11. Because there is no basis for Level 3's proposal to establish a single POI in an area outside of the LATA, Level 3's proposed language should be rejected.

Q. CAN SBC-LONG DISTANCE (SBC-LD) DELIVER CALLS ACROSS A LATA BOUNDARY INTO ANOTHER LATA AS LEVEL 3 SUGGESTS IN ITS PROPOSED LANGUAGE?

329 A. Yes. SBC-Long Distance (SBC-LD) can deliver inter-LATA Access traffic for
330 customers that have pre-subscribed to SBC-LD for Inter-LATA Access calls. SBC-LD is
331 the IXC subsidiary of SBC. However, SBC-LD is not the SBC Incumbent Local
332 Exchange Carrier subsidiary.

333 **Q. CAN ANY SBC ILEC COMPANY DELIVER CALLS ACROSS A LATA**
334 **BOUNDARY INTO ANOTHER LATA?**

335 A. SBC ILEC companies, with the exception of traffic that originates and terminates within
336 a Waivered Inter-LATA Local Calling Area (WLCA), cannot carry traffic outside of a
337 LATA. SBC must deliver such traffic to an IXC. As such, Level 3's request that it be
338 permitted to select a POI outside the LATA in which it wishes to exchange local and
339 intra-LATA traffic should be rejected.

340 **Q. ARE THERE ANY OTHER POINTS OF DISPUTE BETWEEN SBC AND LEVEL**
341 **3 ON NIM ISSUE 2?**

342 A. Yes. SBC and Level 3 disagree on whether or not the distance from SBC's network that
343 the POI is located has any bearing on the cost of the interconnection. This is very
344 important in that the further away Level 3's POI is from SBC's network, the more costly
345 the transport to that POI becomes. On a Distant POI, SBC proposes to pay for the first 15
346 miles of transport to a Level 3 Distant POI. Level 3 proposes the following language:
347 "The parties also agree that distance is irrelevant to cost. Therefore connecting at a single
348 point per LATA, state or region represents a balanced and fair method of
349 interconnection." Level 3 does not want to share the cost of an expensive form of

interconnection that it chooses. Expensive interconnect is covered in detail in my testimony regarding NIM Issue 4.

SBC believes that if Level 3 desires an expensive form of interconnection, such as a Distant POI, it should be willing to pay for it. I discuss this further in NIM Issues 3 and 4.

NIM ISSUE 3: DOES A POI SERVE AS A FINANCIAL DEMARCATION POINT BETWEEN THE PARTIES IN ALL INSTANCES, INCLUDING THOSE WHERE THE CLEC CHOOSES AN EXPENSIVE FORM OF INTERCONNECTION?

Agreement Reference: Network Interconnection Methods Section 2.2

Q. WHAT IS A POINT OF INTERCONNECTION (POI)?

A. As discussed in Part II above, a Point of Interconnection, or POI, is the point at which the networks of two telecommunications companies meet or interconnect. The POI is the demarcation point where one company's facilities end and the other company's facilities begin. The POI is also the financial demarcation point for those facilities. Each company is responsible for its own facilities on its respective side of the POI.

Figure 1 on p. 4 illustrates the POI between two hypothetical telecommunications companies, one is an ILEC and the other is a CLEC. Figure 3 illustrates an interconnection where the CLEC has chosen to interconnect within the ILEC tandem building.

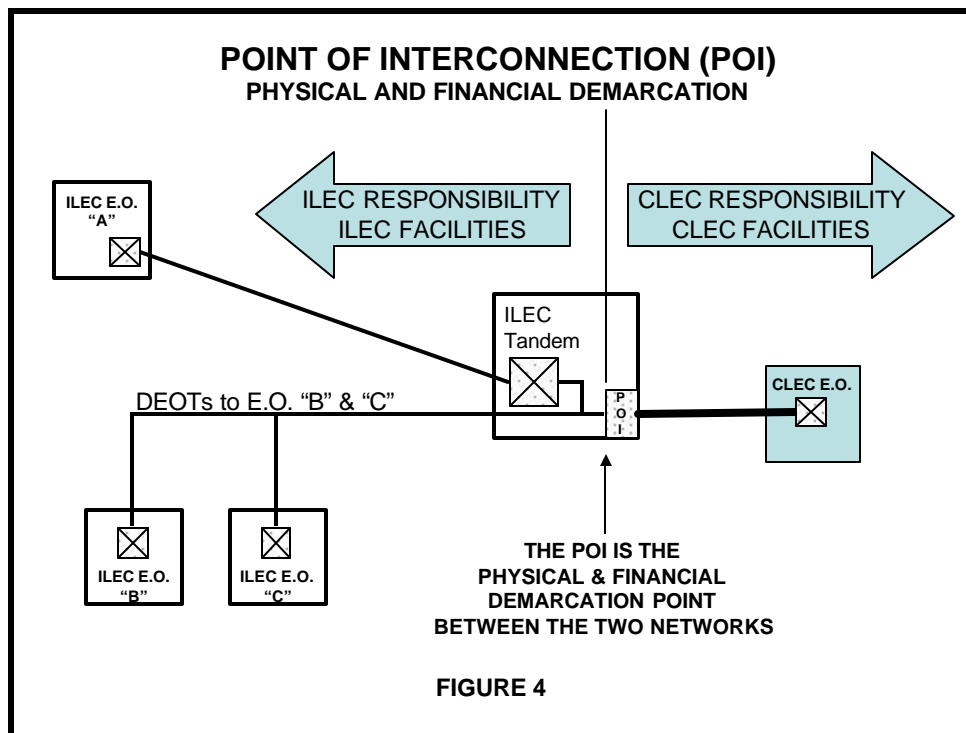
Q. THE POI ARRANGEMENT ILLUSTRATED IN FIGURE 3 LOOKS AS IF THE CLEC IS PAYING FOR ALL OF THE FACILITIES USED IN THE INTERCONNECTION. IS THIS THE CASE?

A. No. The CLEC does not pay for all of the facilities used in the interconnection. Figure 3 does not show all of the facilities that are involved in the interconnection. Figure 4, included below, illustrates all of the facilities that are involved in the interconnection.

Q. WHAT ARE SOME EXAMPLES OF METHODS OF INTERCONNECTION IN WHICH THE POI IS CONSIDERED THE FINANCIAL DEMARCATION POINT?

A. Figure 4 illustrates an example of the facilities that come into play once two telecommunications companies establish trunk groups over the Interconnection facilities to exchange actual traffic. In this example, the ILEC Network consists of a Tandem and three end offices. The hypothetical CLEC has interconnected at the ILEC's tandem. The CLEC has established a 251(b)(5) trunk group from the CLEC switch to the ILEC tandem switch. The CLEC has also established Direct End Office Trunk groups (DEOTs) from the CLEC switch to ILEC switches "B" and "C."

As noted in Figure 4, the CLEC is responsible for the facilities from the POI to the CLEC End Office. The ILEC, on the other hand, is responsible for the facilities from the POI to its tandem and beyond to every one of its end offices that subtends its tandem. In this instance, the POI serves as both the physical and the financial demarcation point.



Another example of a POI that is the financial as well as the physical demarcation point is a Distant POI that is less than 15 miles from the SBC tandem.

NIM ISSUE 4: DOES THE POI ESTABLISH THE LEGAL, TECHNICAL, AND FINANCIAL DEMARCATION POINT BETWEEN THE PARTIES IN ALL INSTANCES, INCLUDING THOSE WHERE LEVEL 3 CHOOSES TO INTERCONNECT IN A MANNER THAT SBC CONTENDS, AND LEVEL 3 DENIES, IS AN EXPENSIVE FORM OF INTERCONNECTION?

Agreement Reference: Network Interconnection Methods Section 2.3

Q. DOES THE POI ESTABLISH THE LEGAL, TECHNICAL, AND FINANCIAL DEMARCATION POINT BETWEEN THE PARTIES IN ALL INSTANCES?

A. No. There are instances, such as with a Distant POI or single POI, where SBC believes the method of interconnection is an expensive form of interconnection and the financial demarcation point should be at some point other than the POI.

Q. WHAT IS AN EXPENSIVE METHOD OF INTERCONNECTION?

A. Distant POI and Single POI are two examples of methods of interconnection that SBC considers expensive. Figure 5 illustrates an example of when Distant POI is an expensive form of interconnection.

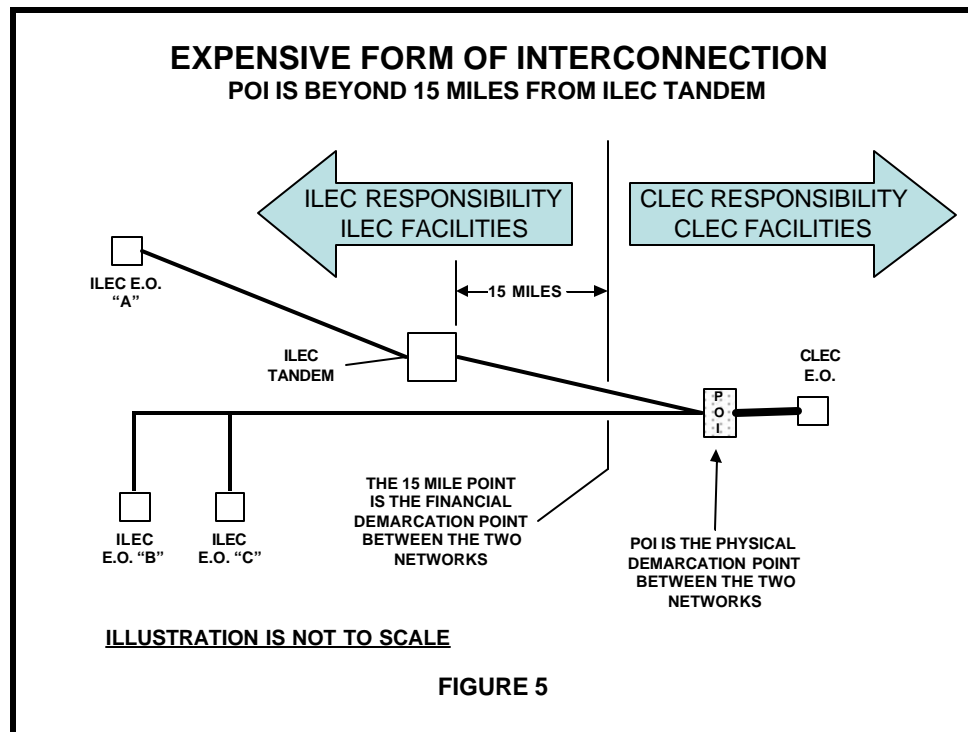


Figure 5 depicts an example of when a hypothetical CLEC chooses to establish a POI with the ILEC that is more than 15 miles from the ILEC's tandem. If the POI is considered to be the financial demarcation point in this instance, the ILEC will incur the expense of the transport from its tandem to the POI, in addition to the normal transport costs discussed in my testimony regarding NIM Issue 3. Rather than bearing the burden of all of the transport from the SBC tandem to Level 3's POI, SBC proposes that both parties share the transport costs. If Level 3 selects a POI that is 20 miles from the SBC Tandem, SBC is willing to pay transport costs for the first 15 miles. Level 3 would pay

for the remaining 5 miles. In this instance, the financial demarcation point would be 15 miles from the SBC tandem, and the physical demarcation point would be at the POI.

Q. IS THERE A QUANTIFIABLE COST DIFFERENTIAL FOR TRANSPORT ASSOCIATED WITH POI SELECTION?

A. Yes. While Level 3 claims (Gates at p. 30) that SBC's proposal should be rejected because there is not an "identifiable and quantifiable cost differential based upon distance," Level 3 recognizes that "the location and number of POIs has dramatic financial and operational impacts." (Gates at p. 18). Further, Mr. Gates' argument is in direct conflict with his argument for NIM Issue 2 that "By forcing CLECs to use multiple POIs... SBC is... shifting improperly the costs of building out the SBC network to its competitor" (p. 21). In addition, Level 3 argues that it should be allowed to decommission its multiple POI network because of the costs, but then argues that SBC's position on NIM 3 should be rejected because there are not any "identifiable and quantifiable cost(s)." The fact of the matter is that deploying transport facilities has costs and those costs increase relative to distance.

Q. DOES A SINGLE POI REDUCE COSTS FOR SBC?

A. No. Again, Mr. Gates claims (at p. 28) that "a single POI will actually reduce costs for SBC and for Level 3" is in direct conflict with his argument above that "the location and number of POIs has dramatic financial and operational impacts." (Gates at p. 18). Further, Mr. Gates' argument is in direct conflict with his argument for NIM Issue 2 that "[b]y forcing CLECs to use multiple POIs... SBC is... shifting improperly the costs of building out the SBC network to its competitor" (p. 20). What Level 3 seeks is to avoid its costs associated with interconnection and, as much as possible, shift those costs to

SBC. Any reduction in costs associated with a single POI would be strictly beneficial to Level 3 and would, in fact, increase the costs to SBC.

Q. IS TRANSPORT FROM THE LEVEL 3 SWITCH TO THE POI SIMILAR TO TRANSPORT BEYOND THE SBC TANDEM SWITCH TO OTHER TANDEM OR END OFFICE SWITCHES?

A. No. Level 3 witness Wilson (at pp. 11-13) states that SBC is attempting to place a non-symmetrical burden of transport on Level 3 and that, because Level 3 hauls its traffic to the POI over distances much greater than 15 miles and is not asking SBC to compensate Level 3 when it does so, neither should SBC. Mr. Wilson's position is flawed for several reasons. First, as I stated in NIM Issue 2 in response to a similar argument presented by Mr. Gates, the FCC clarified that "transmission links that simply connect a competing carrier's network to the incumbent LEC's network are not inherently a part of the incumbent LEC's local network." *TRO*, ¶ 366. The facilities Mr. Wilson refers to with respect to Level 3 are those transmission facilities. Second, Level 3 believes that it should not have to mirror SBC's ubiquitous network, but fails to acknowledge the disparity in transport obligations that Level 3 would impose on SBC as a result of such disparity. SBC acknowledges that a CLEC does not have to mirror SBC's network, and that doing so would be cost prohibitive to initial market entry. It is appropriate that, as the CLEC experiences growth, it should expand its network deployment to additional POI locations in order to equalize investment. Again, this is consistent with the FCC's statement in the *TRO* that competing carriers have control over where to locate their network facilities to minimize self-deployment costs and that those costs should be incorporated "into their network deployment strategies rather than rely exclusively on the incumbent LEC's network." It is also consistent with Level 3's position as set forth in

Mr. Gates statement (at p. 20) that once customer growth is sufficient, multiple POIs are efficient.

Q. PLEASE EXPLAIN WHY THE COMMISSION SHOULD ADOPT SBC'S POSITION ON THIS ISSUE.

A. SBC's proposed language provides Level 3 with a variety of options to interconnect, including a single POI. Level 3's proposal would maintain single POI in perpetuity, going even so far as to decommission existing multiple POI locations solely for no other reason than to shift Level 3's interconnection transport costs to SBC. SBC's position is more consistent with the goals of the Act to promote true facilities-based competition.

NIM ISSUE 5: SHOULD THE INTERCONNECTION AGREEMENT GOVERN THE NETWORK ARCHITECTURE AND EXCHANGE OF ALL TRAFFIC BETWEEN THE PARTIES, OR JUST LOCAL TRAFFIC?

Agreement Reference: Network Interconnection Methods Section 2.5

Q. WHAT TYPES OF TRAFFIC DOES THE INTERCONNECTION AGREEMENT ("ICA") GOVERN?

A. The Interconnection Agreement ("ICA"), between Level 3 and SBC primarily addresses provisions associated with providing local service. Various State and Federal Tariffs further address the exchange of both interLATA, and intraLATA Access traffic. SBC witness Sandra Douglas discusses the relationship of the Tariffs to the ICA, and the related jurisdictional issues of the various types of traffic. The NIM (Network Interconnection Methods) Appendix is intended to deal primarily with the facilities required for the overall Network Architecture that the Parties must implement in order to exchange local traffic for the benefit of both Parties' end users.

492 **Q. WHICH APPENDICES IN THE INTERCONNECTION AGREEMENT COVER**
493 **TRUNK GROUPS AND FACILITIES FOR LOCAL INTERCONNECTION**
494 **TRUNK GROUPS?**

495 A. As stated in response to the previous question, the facilities required for Local
496 Interconnection and the responsibility both parties have for those facilities are covered in
497 the Network Interconnection Methods (NIM) Appendix. The trunk groups, required to
498 establish local interconnection, are discussed in the Interconnection Trunking
499 Requirements (ITR) Appendix. An explanation of the distinction between facilities and
500 trunks is included in Part II of my testimony.

501 SBC's proposed language in NIM Section 2.5 in the ICA specifically states,
502 "Each Party is responsible for the appropriate sizing, operation, and maintenance of the
503 transport facility to the POI(s). The parties agree to provide sufficient facilities for the
504 *Local Interconnection Trunk Groups* required for the exchange of traffic between
505 **LEVEL 3** and **SBC-13STATE**." Level 3 attempts to blur the distinction between local
506 interconnection, Inter / Intra LATA traffic, and ancillary services, as well as the
507 distinction between trunks and facilities throughout the ICA, specifically with the
508 inclusion of NIM issue 7.

509 The Interconnection Agreement does not govern the facilities that support
510 Ancillary Services trunk groups, IXC-carried traffic, or Transit Traffic. These facility
511 costs are governed by the state and federal tariffs as discussed above. The facilities used
512 to carry these types of traffic are used solely for the purpose of providing services
513 originated by Level 3's end users, provided for Level 3's end users, for which Level 3 is
514 compensated for by its end users. These facilities provide little or no benefit to SBC's
515 customers. Ironically, Level 3 wants SBC to share in the cost of providing facilities for

service that Level 3 provides to its end users by providing the service over local interconnection facilities. Since the cost of these interconnection facilities are shared, they should only be used for the mutual benefit of both companies' end users as intended.

Q. WHAT IS LEVEL 3'S POSITION ON THIS ISSUE?

A. Level 3 proposes language stating that the parties shall establish trunk groups, not limited to the exchange of only local traffic. This proposed language shows that Level 3 wants other types of traffic to be governed by the Interconnection Agreement that are currently governed by tariff. Level 3 end users originate the traffic associated with Ancillary Services, IXC carried traffic, or Transit Traffic. These types of traffic do not originate from SBC end users and, as I stated above, SBC's end users receive little or no benefit from these types of traffic. The local interconnection arrangement for local traffic should only be used in cases where either companies' end users can originate traffic over those facilities and derive benefit from them. For this reason, Level 3's proposed language should be rejected and SBC's adopted.

NIM ISSUE 6: SHOULD LEVEL 3 BE RESPONSIBLE FOR FACILITIES THAT CARRY OS/DA, 911, MASS CALLING AND MEET-POINT TRUNK GROUPS?

**Agreement Reference: Network Interconnection Methods
Section 2.7**

Q. WHAT ARE "OS/DA", "911", "MASS CALLING", AND "MEET-POINT" TRUNK GROUPS?

A. "OS/DA" trunk groups refer to the trunks used to deliver Operator Services and/or Directory Assistance calls to the appropriate Operator Services tandem. Level 3 may obtain OS/DA Services from any OS/DA provider.

“911” trunk groups refer to the trunks used to deliver Emergency Service calls to the appropriate 911 tandem that serves the calling customer’s line. By law, these trunks are required of any telecommunications company with customers that are able to originate calls as a matter of public safety.

“Mass Calling” trunk groups refer to trunks used to deliver High-Volume Media-Stimulated (HVMS) calls to a choke network. These trunk groups ensure the reliability of the Public Switched Telephone Network during times of high volume calling, or High Volume Call-In (HVCI).

“Meet-Point” trunk groups refer to the trunks used to deliver Inter-LATA calls, originated by customers, to the appropriate IXC presubscribed by the customers to handle inter-LATA calls.

Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN SBC AND LEVEL 3 ON NIM ISSUE 6?

A. Level 3 proposes the following language: “for the facilities that carry mass calling and Meet-Point trunk groups, the Parties shall be responsible in accordance with their obligations to bring traffic to the single POI.” Level 3 is not willing to pay for facilities needed to provide these services to their customers. Level 3’s proposed language should be rejected.

Q. WHY SHOULD LEVEL 3’S PROPOSED LANGUAGE RELATED TO NIM ISSUE 6 BE REJECTED?

A. Level 3 is responsible for ancillary service facilities from their switch all the way to the service provider. Level 3’s ancillary services are solely for the benefit of Level 3’s customers, and not SBC customers. Level 3 is not required to use Ancillary Services provided by SBC. Level 3 is free to use any ancillary service provider it wishes to use.

Level 3's proposed language shifting costs for ancillary service to SBC must be rejected.

I discuss this in my testimony regarding NIM Issue 5.

NIM ISSUE 8: SHOULD A NON-SECTION 251/252 SERVICE SUCH AS LEASED FACILITIES BE GOVERNED BY THIS AGREEMENT OR ARBITRATED IN THIS SECTION 251/252 PROCEEDING?

Agreement Reference: Network Interconnection Methods Section 3.3.1

Q. WHAT IS THE PARTIES' DISPUTE ON THIS ISSUE?

A. Level 3 insists that a non-section 251/252 service such as Leased Facilities should be governed by the Interconnection Agreement. SBC believes Leased facilities should not be part of this agreement.

Q. DOES SBC HAVE AN OBLIGATION TO PROVIDE FOR INTERCONNECTION THROUGH UNBUNDLED DEDICATED TRANSPORT?

A. No. Level 3 is confusing its rights to access UNEs under Section 251(c)(3), for the purpose of providing a telecommunications service, with an incumbent LEC's obligations to provide interconnection under Section 251(c)(2) for the exchange of Section 251(b)(5) traffic between the requesting carrier and the incumbent LEC. These are two separate and distinct requirements of the Act.

Furthermore, Level 3 is attempting to obtain from SBC the facilities from its switch to the POI as unbundled dedicated transport (UDT) when these facilities do not meet the FCC's definition of unbundled dedicated transport.

The FCC, in rendering its decision in the TRO, narrowed the definition of UDT to transmission facilities connecting incumbent LEC switches and wire centers within a LATA and expressly rejected their prior definition of UDT. The FCC stated:

The Commission previously defined dedicated transport as:

incumbent LEC transmission facilities dedicated to a particular customer or carrier that provide telecommunications between wire centers owned by incumbent LECs or requesting telecommunications carriers, or between switches owned by incumbent LECs or requesting telecommunications carriers.

We conclude that our previous definition was overly broad.

TRO, ¶ 365. Consequently, SBC is not obligated to provide Level 3 with facilities as unbundled dedicated transport (UDT) when they do not meet the FCC's definition of UDT. In addition SBC is not required to provide unbundled network elements outside of SBC's local network. Further, any access to UNEs that Level 3 requests from SBC on SBC's network should be limited to Level 3's rights under Section 251(c)(3) for the purpose of providing a telecommunications service. SBC's obligations under Section 251(c)(2) are to provide interconnection, which is the physical linking of Level 3's (the requesting carrier) network to SBC's network for the mutual exchange of traffic and does not constitute the provision of a telecommunications service.

Lastly, Level 3's proposal incorrectly interprets and expands SBC's obligations under Section 251(c)(2) of the Act to include providing the facilities and equipment for interconnection.⁵ Section 251(c)(2) places on SBC "the duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network." Section 251(c)(2) clearly requires SBC to "provide... interconnection." The prepositional phrase found within this duty is with respect to "the

⁵ Level 3 position statements at DPL ITR Issue 11 and DPL OET Issue 8b provide: "SBC is obligated pursuant to Section 251(c)(2)(B) to provide Level 3 with interconnection... This gives the requesting carrier, Level 3, the right to choose... The ILEC, in turn, must provide the facilities and equipment for interconnection at that point."

facilities and equipment of any requesting telecommunications carrier,” in this case,
Level 3.

**Q. DID THE FCC’S TRO REFLECT ANY RULE CHANGES AFFECTING THE
ISSUE OF INTERCONNECTION VIA UDT?**

A. Yes. As stated earlier, with respect to the FCC’s definition of dedicated transport, the
FCC concluded that its “previous definition was overly broad.” *TRO*, ¶ 365. The TRO
further defined the incumbent LEC’s network such that “transmission links that simply
connect a competing carrier’s network to the incumbent LEC’s network are not
inherently a part of the incumbent LEC’s local network.” *TRO*, ¶ 366.

**Q. PLEASE SUMMARIZE WHY SBC’S PROPOSED LANGUAGE SHOULD BE
ADOPTED AND LEVEL 3’S REJECTED.**

A. In summary:

- 1) SBC is not financially responsible for facilities that simply connect Level
3’s network to SBC’s local network, which is consistent with the FCC’s
Triennial Review and Order.
- 2) These facilities are not a part of SBC’s network, therefore SBC is not
required to provide them at TELRIC rates.

IV. COMBINING TRAFFIC

**ITR ISSUE 2: SHOULD LOCAL INTERCONNECTION TRUNK GROUPS
AND MEET POINT TRUNK GROUPS BE LIMITED TO
THE EXCHANGE OF TRAFFIC BETWEEN THE
PARTIES’ END USERS?**

Agreement Reference: Intercarrier Compensation Section 3.3

**Q. DESCRIBE THE PARTIES’ DISPUTE REGARDING INTERCONNECTION
TRUNK REQUIREMENTS.**

A. SBC proposes and Level 3 opposes language intended to ensure that the local
interconnection trunks are used only “for the exchange of traffic between each Party’s
end users” and are not used to terminate third-party IXC traffic. SBC seeks to have

carriers utilize local interconnection trunk groups for Section 251(b)(5), intraLATA toll, and ISP-Bound traffic. Feature Group D trunk groups should be utilized for interLATA traffic and intraLATA traffic carried by an IXC. This enables SBC to properly bill the originating carrier.

Q. DO LOCAL INTERCONNECTION TRUNK GROUPS AND MEET POINT TRUNK GROUPS CARRY THE SAME TYPES OF TRAFFIC?

A. No. While SBC agrees that Local Interconnection Trunk Groups should be limited to the exchange of traffic between the parties' end users, Meet Point Trunk Groups, like other ancillary services trunk groups, are solely for the benefit of Level 3's end users for traffic carried by an IXC. Additional arguments are presented in my testimony for NIM Issue 5 and NIM Issue 6 above.

ITR ISSUE 4(a): SHOULD LEVEL 3 BE REQUIRED TO TRUNK TO EACH TANDEM IN THE LATA?

**Agreement Reference: Interconnection Trunking
Requirements Section 4.2**

Q. WHAT IS THE PARTIES DISPUTE ON THIS ISSUE?

A. The parties disagreement on issue 4(a) is whether Level 3 should be required to trunk to each tandem. This issue is related to Issue 11, so I address them both here. With respect to Issue 11, Level 3 proposes that SBC and Level 3 use the same interconnection trunk groups for all types of traffic except special purpose traffic such as 911 and OS/DA. SBC disagrees. As I explain further below, Interconnection Trunk Groups should only carry Section 251(b)(5) traffic/intraLATA toll traffic. To ensure that Level 3 and SBC are properly compensated for local, intraLATA Exchange Access, and interLATA Exchange Access, these different traffic types must be routed on separate trunk groups.

Q. HOW SHOULD LEVEL 3 CONNECT TO SBC'S NETWORK IN A MULTI-TANDEM LATA?

A. Level 3 should first establish a Point of Interconnection ("POI") with SBC in the LATA. Next, Level 3 should establish trunk groups that directly connect to every SBC Tandem within the LATA.

Q. IF LEVEL 3 HAS ESTABLISHED A POI IN THE LATA, WHY SHOULD LEVEL 3 THEN CONNECT TO EVERY SBC TANDEM IN A MULTI-TANDEM LATA?

A. The POI establishes the point at which SBC and Level 3 facilities meet to interconnect our two networks. Trunk groups are then established on these facilities so traffic can be exchanged between the two networks. Each SBC tandem serves its own set of end offices. SBC must deliver calls from Level 3 to all of its end users. If Level 3 only establishes a trunk group to the tandem that is near the POI, only those calls to SBC end users that are behind that tandem can be efficiently delivered. These calls are switched once by the first tandem to the end user's end office for completion. However, calls destined for SBC end users behind other tandems must be switched at the first tandem to redirect the call to the proper tandem, then switched a second time at the second tandem to the end user's end office for completion. Level 3 connecting to only one SBC tandem is not an efficient method of delivering calls from Level 3 to the other SBC end users in the LATA. This method places an immediate burden on SBC in the form of additional points of switching and additional tandem trunk ports for each call to the distant tandems. There are long-term effects, also. Re-directing Level 3's traffic from one tandem to another can accelerate tandem exhaust, leading to more frequent tandem switch growth jobs and the need to purchase additional tandems. When Level 3 establishes direct trunk groups to every SBC Tandem within the LATA, the network functions more efficiently.

Level 3 should route traffic, according to the Local Exchange Routing Guide (LERG), to the appropriate serving tandem switch. This is the most efficient use of tandem switch resources. In order to accomplish this, Level 3 must establish a trunk group to every tandem within the LATA. Level 3 has agreed to route traffic to the serving tandem in other sections of the ITR Appendix.

Q. WHO IS RESPONSIBLE FOR THE FACILITIES FOR THESE TRUNK GROUPS?

A. SBC is responsible for the facilities on its side of the POI, and Level 3 is responsible for the facilities on its side of the POI.

Q. DOESN'T TRUNKING TO EVERY TANDEM INCREASE THE COST OF FACILITIES TO LEVEL 3?

A. No, for the reasons I explained in Part II above. Suppose there are two SBC tandems in a LATA, and Level 3 establishes a POI at one of those tandems. Suppose Level 3 then establishes a trunk group with 48 trunks to that tandem. Suppose these 48 trunks will handle all of the calling volume to both tandems - 24 trunks to one tandem, and 24 trunks to the other. With this arrangement, Level 3 only uses 48 trunks, and SBC must switch the traffic from the one tandem to the other. SBC pays for the facilities required to deliver the traffic to the other tandem. Since the first tandem is engineered and designed to handle the switching and trunking requirements for the offices that home on it, this places a burden on the network resources for this tandem.

If Level 3 trunks directly to both tandems - 24 trunks to each tandem - the facility requirements remain the same, as well as the facility cost to both parties; however, SBC's tandem resources will be more efficiently utilized, allowing SBC to more effectively manage network reliability.

711 This applies for both Local and Intra-LATA Long Distance traffic.

712 **Q. HOW DOES LEVEL 3 PROPOSE TO EXCHANGE TRAFFIC WITH SBC?**

713 A. Both Mr. Hunt (p. 41) and Mr. Wilson (p. 15) state in their testimony that Level 3 and
714 SBC should exchange telecommunications traffic, Inter-LATA and Intra-LATA, over the
715 same trunk group. They further claim that SBC inappropriately excludes Inter-LATA toll
716 and IP-Enabled traffic from the trunk group established under the Interconnection
717 Agreement.

718 **Q. WHAT IS SBC'S RESPONSE TO THAT?**

719 A. SBC believes that this would create tracking and billing problems as well as misrouting
720 errors leading to blocked calls. First, InterLATA Access and IP-Enabled traffic are
721 compensated differently from Section 251(b)(5) traffic, which is subject to Reciprocal
722 Compensation. Access compensation is covered in more detail by SBC witness Sandra
723 Douglas. Second, combining traffic as suggested by Level 3 would lead to blocked calls
724 due to improper routing of the calls.

725 **Q. FROM SBC'S POINT OF VIEW, WHAT IS AN EXAMPLE OF IMPROPERLY**
726 **ROUTED TRAFFIC?**

727 A. One example of improperly routed traffic is Inter-LATA traffic that is being routed over a
728 Local Interconnection trunk group, rather than over a Meet Point trunk group to an
729 Access Tandem. Mr. Wilson at p. 22 states "There is no technical reason that a local
730 tandem cannot handle toll traffic," which is true from a pure technical design of the
731 tandem switch, but ignores the fact that the tandem is not capable since it is not
732 provisioned to handle this type of traffic.

In order to provision a local tandem into an Access tandem, it requires building Carrier Interconnect Codes (CIC) that identify each IXC into the tandem that operate in that LATA, as well as each IXC that provides service in the LATA will have to interconnect at the tandem. It typically takes a couple of years to complete this type of project. The small IXCs normally do not want to create additional points in the network, which drags on the project for a longer period of time.

Q. WHY IS THIS IMPORTANT?

A. If a carrier delivers Inter-LATA type traffic to a Local Interconnection Trunk Group, rather than to an Access Tandem, those calls will not be properly billed as Inter-LATA calls. Instead, those calls will be billed as if they are local interconnection calls, and one carrier or the other will not receive proper compensation for those calls.

The Parties should work cooperatively to correct improper routing of traffic, whether or not the improper routing is done intentionally or inadvertently.

Q. HOW DOES SBC PROPOSE TRAFFIC BE SEGREGATED AND ROUTED?

A. SBC proposes segregating IXC-carried IntraLATA and InterLATA access traffic from local or non-IXC carrier IntraLATA toll traffic. Traffic is more easily tracked and billed when segregated according to the traffic type and how the tandems are provisioned. An end user must have the ability to make, and complete, all three types of calls: a local call, a toll call, and an access call. To carry those calls to end offices beyond the end office serving the end user, each type of traffic should be routed to the appropriate tandem. Access traffic needs to be routed on a segregated trunk group so it can be properly tracked and billed. The types of trunk groups will depend on the type(s) of tandem(s) from which the end user's serving end office homes.

Q. WHAT IS LEVEL 3'S POSITION REGARDING PERCENT LOCAL USE (PLU), PERCENT INTERSTATE USE (PIU) AND PERCENT OF IP USE (PIPU)? WHAT IS SBC'S POSITION?

A. Mr. Wilson claims (at pp. 20-21) that proper billing is a non-issue because either one company can keep track of each call or the parties can establish a percent local use (PLU), percent interstate use (PIU) and percent of IP use (PIPU).

While it is possible to establish a percentage for local, interstate, or IP calls, this percentage would be only a guess, at best, with revenue streams of both companies at stake. There is risk of CPN modification with the newer VOIP technology, so any billing system that would use CPN to determine the jurisdictional nature of a call may be fooled, with resultant loss of compensation revenue. A traditional circuit switching system cannot modify CPN, although newer technologies can easily change or delete CPN.

Q. EXPLAIN FURTHER THE POSSIBILITY OF FRAUD?

A. Software limitations prohibit both companies from being able to properly identify the traffic they are receiving over combined trunk groups. SBC makes terminating billing records on incoming trunk groups. All traffic that is sent over a single trunk group will generate the same type of billing record. This is where the opportunity for fraud exists. Level 3 must tell SBC what percentage of these calls should be billed at a reciprocal compensation rate as opposed to an access rate. Without the ability to identify the traffic, the Parties are left no choice but to accept the word of the other as to the true jurisdictional nature of the traffic. Although these are business related problems, they are problems nonetheless. Accurate and proper compensation is best accomplished through separate trunk groups. Separate trunk groups allows for traffic to be accurately recorded and then properly billed.

780 It is surprising that in light of recent industry allegations of fraud that Level 3
781 would propose a similar routing scheme for SBC to institute. This is demonstrably
782 unreasonable when looking at AT&T's statement regarding recent allegations of
783 MCI/WorldCom misrouting calls over AT&T's network:

784 We're talking about *the difference between shopping for bargains and shopping*
785 *with somebody else's credit card.* The latter is clearly a crime that people can go
786 to jail for.⁶

787 *Debtors (MCI/WorldCom) were well aware that even if AT&T had known to look,*
788 *AT&T could not have easily detected Debtors' high-cost calls.* Indeed, even after
789 law enforcement notified AT&T of Debtors' fraudulent diversion scheme, *it took*
790 *AT&T weeks to locate the diversions in the ocean of data that AT&T's network*
791 *generates.*⁷

792 In combining Section 251(b)(5) and IntraLATA traffic with InterLATA Access
793 Traffic, Level 3 leaves it to SBC to detect Level 3's high-cost calls. This would make it
794 very difficult for SBC to properly assess reciprocal compensation or Access charges for
795 the traffic coming over such a combined group. In short, Level 3's proposal would allow
796 it to avoid paying the appropriate access charges by mixing access calls with Section
797 251(b)(5) traffic.

798 **Q. SHOULDN'T LEVEL 3'S CALL DETAIL REPORTS ALLOW SBC TO**
799 **PROPERLY RECORD AND BILL THE CALLS?**

800 A. First, it is not clear that Level 3 has agreed to provide call detail data and thus SBC
801 cannot be sure Level 3 will provide call detail data. Even if Level 3 agrees to provide
802 accurate call detail, SBC will still have to sort through the "oceans of data" generated by
803 SBC's network for the information.

⁶ AT&T Replies to WorldCom's Bankruptcy Court Response Wednesday August 6, 2003 5:14 pm ET, AT&T Chief Counsel James Cicconi.

⁷ AT&T Replies to WorldCom's Bankruptcy Court Response Wednesday August 6, 2003 5:14 pm ET.

As AT&T stated regarding the MCI/WorldCom fraud accusations:

The mere fact that there is disclosure during the course of the scam does not eradicate the swindle. So too, *the mere fact that a carrier discloses call detail as part of a scheme to deceive or an artful stratagem does not in itself eliminate the deception.*⁸

Again, as explained above, billing problems are the single largest problem of combining access traffic onto a local trunk group. This problem has been identified by all of the major ILECs and at least one state commission (the Wisconsin Commission) has established an industry-wide committee⁹ to investigate how to address this issue. If it were not for the risk of withholding CPN or the modification of CPN, the billing issue would not be as significant.

Q. ARE THERE ANY OTHER REASONS WHY CERTAIN TYPES OF TRAFFIC SHOULD BE ON SEPARATE TRUNKS?

A. Yes. SBC deploys tandems throughout its network based on specific traffic needs. A Local Only Tandem Switch is planned, designed, and engineered to support only local traffic, which limits its ability to support IXC carried traffic in a number of ways. First, IXCs connect with SBC at SBC's Access Tandems, not at Local Only Tandem switches, to receive and deliver IXC carried IntraLATA and InterLATA access traffic. Second, because IXCs are not connected to a Local Only Tandem Switch, the switch is not provisioned to process the Feature Group D information, including the Carrier Identification Code (CIC) associated with the IXC that is necessary to deliver the call to the appropriate IXC. Therefore, any calls destined for delivery to an IXC, but improperly

⁸ AT&T Replies to WorldCom's Bankruptcy Court Response Wednesday August 6, 2003 5:14 pm ET.

⁹ Technical Conference Docket No. 05-TI-1068.

826 routed to a Local Only Tandem Switch, would be dropped. Third, Feature Group D
827 traffic is not passed through a Local Only Tandem Switch to the Access tandem. The
828 CIC information is used by an Access tandem only to identify the appropriate IXC in
829 order to deliver an IXC directed call and is dropped once the IXC has been identified.
830 This is analogous to a rocket booster. In order for a rocket to break earth's gravity and
831 enter orbit, it is initially propelled by rocket boosters. These boosters provide the
832 necessary power to help the rocket break through earth's gravity, but once expended, the
833 boosters are jettisoned from the rocket. In other words, while tandems can receive
834 Feature Group D information, they are not designed to pass Feature Group D through to
835 another tandem. Because of this, an IXC call improperly routed to a Local Only Tandem
836 Switch would fail because the tandem is not connected to IXCs, nor is it provisioned to
837 support IXC carried traffic.

838 **Q. IS SBC REQUIRING THE PROVISION OF SEPARATE TRUNK GROUPS IN AN**
839 **EFFORT TO FORCE LEVEL 3 TO SET UP A DUPLICATIVE, INEFFICIENT**
840 **NETWORK?**

841 A. No. There is no basis for Mr. Wilson's claim (at pp. 14, 17) that SBC is expecting Level
842 3 to create a duplicative network. In fact, both Mr. Wilson and Gates have blown this
843 issue entirely out of proportion. SBC is only requesting Level 3 to establish a separate
844 Meet Point Trunk Group to one Access Tandem in each LATA, so that access traffic can
845 be passed between both parties over this one trunk group (TG). The exchange of Local,
846 IntraLATA and ISP bound traffic between Level 3 and SBC should be over the Local
847 Interconnection TGs and TGs should be established where Level 3 has opened NXX
848 codes in local calling areas that home behind those tandems.

Further, SBC plainly sees that Level 3 primarily is a huge gateway to the internet and does not serve end user customers in their network for the local communities, so there is no reason to duplicate a telephone network that serves end users with primary telephone service. What SBC seeks is that Level 3 establish TGs to SBC tandems and end offices where they offer service.

Q. IS IT FEASIBLE TO ESTABLISH ONE LARGE TRUNK GROUP, INSTEAD OF MULTIPLE SMALL TRUNK GROUPS?

A. Level 3 claims (Wilson at pp. 16-17) that a single large trunk group is better than multiple small trunk groups and that it is always preferable to combine as much traffic as possible on a single trunk group (Wilson at p. 17). Mr. Wilson's statements and assumptions are correct only to a point. While it is true that a larger TG is more efficient than a smaller one, there is a finite number of trunk ports in any switching system, circuit switched or otherwise. If there was only one Level 3 switch connected to one SBC switch, then a single trunk group may be very appropriate. However, the Level 3 switch must interconnect to many SBC switches and therefore it is necessary to distribute trunk groups across these many switches. Mr. Hunt (at p. 36) comments that SBC has an antiquated network design system, but SBC has installed switching systems close to the communities it serves in order to reduce the total cost of providing service. Level 3 would have this Commission believe that it should be allowed to have one large TG and that SBC should magically change physics and all hardware and software limitations to accommodate Level 3's desire. If SBC can't accommodate this feat, then SBC is deemed anti-competitive by Level 3. Level 3 likewise states (Hunt at p. 44) that if it is technically feasible to exchange all traffic over a single trunk group, SBC must offer

Level 3 that option. Again, there is a finite number of trunk ports in any switch and it is mathematically impossible to create one large TG that routes all traffic.

Every system has physical limitations and Level 3 is only one player in an entire industry, where all players seek from SBC exactly the same thing: to interconnect with as few facilities and trunks as possible. A tandem is limited to approximately 100K trunks and any one CLEC could exhaust a tandem with one interconnection and possibly landlock a tandem from interconnecting to other carriers, e.g. ILECs, CLECs, Wireless, IXC's that also want to process calls across the network. Adding additional tandems does not provide the full amount of additional trunks, e.g. 100K, since before new interconnections are introduced a certain amount of trunks must be connected to all existing trunks.

Also, the more tandems added in a metropolitan area, each additional tandem has fewer new trunk ports available due to the interconnections required to all pre-existing switches. This is true regardless of technologies deployed. Level 3 praises the power of VOIP, which is in its infancy stage, but when fully deployed will have the same inherent network congestion issues with the same or more platforms deployed geographically throughout the country. Will that be an antique design once in full bloom? No, it will be a distributed architecture that interconnects to all other necessary networks in order to complete calls or whatever data customers may choose at that time.

Q. WOULD SEPARATE TRUNK GROUPS BE MORE EXPENSIVE FOR SBC?

A. No. Level 3 states (Gates at p. 35) that separate trunk groups would be more expensive for SBC. Since SBC is only asking Level 3 to establish one Meet Point Trunk Group to the Access Tandem, there is minimal cost to Level 3 and almost no cost to SBC. The

traffic that would hit this TG would only entail calls originated and terminated into Level 3's network via IXC's. These calls are not destined to or from SBC customers within the area where Level 3 is interconnected. They are for the exclusive use of Level 3's customers.

Q. IS COMBINED TRAFFIC CURRENTLY EXCHANGED OVER THE SAME TRUNK GROUPS TODAY?

A. Level 3 states (Hunt at p. 44) that SBC's proposed language would significantly modify the Parties current arrangement, because IP-enabled traffic, Local traffic, and ISP-bound traffic are all exchanged over the same trunk groups today. Again, with the advent of IP-enabled traffic there are risks associated with missing or altered CPN that did not exist in the traditional SS7 circuit-switched PSTN. As referenced earlier in my testimony, this issue exists for all ILECs, large and small.

Level 3 claims (Wilson at pp. 15-16, Hunt at p. 45) that there is no technical reason to require separate trunk groups for IntraLATA and InterLATA calls. The issue revolves around the potential for a carrier to change or alter the CPN to present the call as local and avoid access charges. SBC seeks to segregate access traffic to protect access revenue. Again, the traffic exchanged between Level 3 and SBC should occur over the Local Interconnection Trunk Groups, which include Section 251(b)(5) traffic, IntraLATA traffic carried by Level 3 or SBC, and ISP bound traffic. Segregating traffic is similar to a cash register drawer having separate areas for each category of money, rather than mixing it up and having to sort through the stack for each customer transaction.

SBC seeks to prevent similar schemes in the future. Previous Commission decisions allowed each carrier to combine traffic as long as the carrier did not do so to

avoid paying access charges. Each carrier had a duty to act prudently and ethically. As some recent events have shown, these guidelines are not enough to prevent fraud. Allowing carriers to combine InterLATA traffic on the same trunk group as local and IntraLATA traffic provides an increased opportunity for a CLEC to defraud SBC of “Terminating Access” fees due to SBC.

While SBC expects every carrier to conduct business in an ethical manner, under the current rules, SBC has no way to ensure that carriers are doing so. When carriers send combined traffic, they are to compensate one another based on traffic studies. In the absence of those studies, an assumed factor, such as a percent of local usage (PLU), will be substituted. Guessing at the amount of traffic that is InterLATA in nature and using a PLU should no longer be an option. The traffic studies are impossible to produce without first measuring the segregated traffic patterns. Once a combined architecture is instituted, follow-up studies are impossible to conduct since there is no way to separate and measure the traffic. With today’s technology, the only way to prevent fraud is to establish segregated trunk groups. Good fences make good neighbors.

ITR ISSUE 4(b): SHOULD THE ITR APPENDIX STATE THAT THE PARTIES’ FINANCIAL RESPONSIBILITY FOR TRUNKING IS SET FORTH IN APPENDIX NIM?

Agreement Reference: Interconnection Trunking Requirements Section 4.2

Q. WHAT IS THE PARTIES’ DISPUTE ON THIS ISSUE?

A. Level 3 is confusing financial responsibility for transport, which is a NIM issue, with trunking obligations. SBC believes that financial responsibility for transport facilities is more appropriately covered in Appendix NIM.

942 **Q. WHAT ASPECT OF THE NETWORK DOES APPENDIX NIM GOVERN?**

943 A. The NIM addresses the facilities aspect of the network, including the financial
944 responsibility for those facilities, and does not address trunks or any responsibilities
945 surrounding trunks.

946 **Q. WHAT PART OF THE INTERCONNECTION AGREEMENT ADDRESSES**
947 **TRUNKS?**

948 A. The ITR addresses trunk requirements.

949 **Q. IS LEVEL 3 CORRECT THAT THE FINANCIAL RESPONSIBILITY FOR**
950 **TRUNKS IS RELATED TO SPOI?**

951 A. No. Level 3 is confusing facilities with trunks. As discussed in my testimony for NIM
952 Issue 3, SBC picks up the burden of the transport facilities on its side of the POI and
953 Level 3 is responsible for the transport facilities on its side of the POI. The parties'
954 financial responsibility for facilities is separate and apart from trunks. For these reasons,
955 Level 3's proposed language should be rejected.

956 **ITR ISSUE 11(a): SHOULD SECTION 5.3 ADDRESS ONLY LOCAL**
957 **INTERCONNECTION TRUNK GROUPS?**

958 **Agreement Reference: Interconnection Trunking**
959 **Requirements Sections 5.3, 5.3.1.1, 5.3.2.1**

960 **Q. WHAT IS THE DISPUTE BETWEEN LEVEL 3 AND SBC FOR ITR ISSUE 11(A)?**

961 A. Level 3 is confusing POI, which involves the facilities required for the physical linking of
962 two networks, with trunks. A POI is the point where the physical linking of Level 3's
963 network to SBC's network takes place. Trunking establishes the paths for the exchange
964 of traffic between the switches on the networks. Level 3 seeks to redefine
965 "interconnection" and "POI" to include the transport and termination of traffic.

Contrary to Level 3's claim, the facility between Level 3 and SBC that establishes the POI (i.e. the "physical linking") has nothing to do with the trunking by which Section 251(b)(5) traffic is exchanged between Level 3 and SBC. Level 3 is confusing the issue by treating the facility and the trunk as one and the same.

The mere fact that Level 3 physically links to the SBC network via a POI does not relieve Level 3 of its obligation to establish trunks to the SBC network where Level 3 seeks to offer service.

Q. DOES THE COST TO LEVEL 3 ALWAYS INCREASE AS THE NUMBER OF TRUNKS INCREASES?

A. No. There is a relationship between the number of trunks and the amount of facilities required, but the cost does not always increase in direct relation to the size of the facility. The limit on the number of trunks that can ride a facility depends on the facility's size. A DS1 facility has a capacity of 24 trunks. A DS3 facility has a capacity of 672 trunks, or 28 DS1s worth of traffic. The cost for a DS1 is lower than the cost of a DS3. At first, Level 3 may only need one or two DS1s. However, as Level 3's trunk requirements begin to exceed a group of 24 trunks, additional DS1 facilities are required. There comes a time when it is more cost effective for Level 3 to jump from a group of DS1 facilities to a single DS3 facility. For example, let's assume a CLEC needed a five mile inter-office transport facility. If a CLEC needed 12 DS1s to carry the call volume between its switch and a SBC switch, it would be less expensive to lease one DS3 facility than to purchase 12 DS1s. Since a DS3 has the capacity of 28 DS1s, in essence the CLEC would be getting the capability of 16 additional DS1s at no additional cost.

Q. PLEASE SUMMARIZE WHY SBC'S PROPOSED LANGUAGE SHOULD BE ADOPTED AND LEVEL 3'S REJECTED.

990 A. The Commission should choose SBC's language since the ICA is dealing with the
991 exchange of traffic between SBC and Level 3, which is the traffic that is routed over
992 Local Interconnection Trunk Groups. The SBC language more clearly describes the
993 exchange of traffic and should be selected.

994 **ITR ISSUE 11(b): SHOULD INTERLATA TOLL TRAFFIC BE ROUTED**
995 **OVER SEPARATE TRUNK GROUPS FROM SECTION**
996 **251(B)(5)/ INTRALATA TRAFFIC WHEN THERE IS A**
997 **SINGLE ACCESS TANDEM IN CA, NV AND MIDWEST**
998 **STATES?**

999 **Agreement Reference: Interconnection Trunking**
1000 **Requirements Sections 5.3, 5.3.1.1, 5.3.2.1**

1001 **Q. WHAT IS THE PARTIES' DISPUTE ON THIS ISSUE?**

1002 A. This issue is the same as previously discussed; whether there is one or more tandems the
1003 segregation of traffic does not change.

1004 **Q. HOW SHOULD LEVEL 3 CONNECT TO SBC'S NETWORK WHERE SBC HAS**
1005 **A SINGLE ACCESS TANDEM?**

1006 A. Level 3 should establish separate trunk groups for IXC carried traffic and Section
1007 251(b)(5)/IntraLATA traffic. This allows for proper tracking and billing. I explain
1008 SBC's position on this issue in my testimony for ITR Issue 4(a) above, and SBC's
1009 proposal should be adopted for the reasons stated therein.

1010 **ITR ISSUE 12(a): SHOULD DIRECT END OFFICE TRUNKS TERMINATE**
1011 **ONLY SECTION 251(B)(5)/INTRALATA TRAFFIC?**

1012 **Agreement Reference: Interconnection Trunking**
1013 **Requirements Section 5.3.3.1**

1014 **Q. WHAT IS THE PARTIES' DISPUTE ON THIS ISSUE?**

1015 A. Direct End Office Trunk Groups (DEOTs) are established between two end offices and
1016 only carry Section 251(b)(5) traffic destined for those end office switches. Level 3 would

1017 seek to expand Section 251(b)(5) to include IXC carried Access traffic. SBC believes
1018 that IXC carried Access traffic should be routed to the appropriate Access tandem switch
1019 and that improper routing of such Access traffic to an end office should not be allowed.

1020 **Q. WHAT KIND OF TRAFFIC IS ROUTED TO A DIRECT END OFFICE TRUNK**
1021 **GROUP BETWEEN TWO END OFFICES?**

1022 A. Only traffic that is originated by the end users connected to one end office switch,
1023 destined for the end users connected to another end office switch, is routed over a trunk
1024 group between those two end office switches. Trunk capacity at SBC End Office
1025 switches is designed for NPA NXX codes that are homed at that End Office switch. SBC
1026 End Office switches are not designed to perform a tandem function.

1027 DEOTs are used to alleviate tandem exhaust issues where traffic levels between
1028 end office switches are sufficient enough to merit direct trunks.

1029 **Q. WHY AREN'T CALLS DESTINED TO END USERS IN OTHER SWITCHES**
1030 **ROUTED OVER A DIRECT END OFFICE TRUNK GROUP BETWEEN TWO**
1031 **END OFFICES?**

1032 A. SBC engineers each of its end office switches to handle the traffic and switching
1033 requirements needed to provide service to only the end users that are connected to each
1034 particular office. Calls destined for end users that are in an office other than the office at
1035 the terminating end of a direct trunk group should be routed to the proper office.
1036 Misrouting calls over a direct trunk group forces an end office to function like a tandem.
1037 This results in network resources for that switch being used at a faster-than-planned rate,
1038 as well as more resources than what are really required being purchased by SBC. SBC
1039 purchases, administers, and maintains end office switches to function only as end office
1040 switches - not as tandem switches. Tandem switches perform functions that cannot be

1041 performed by an end office switch. Forcing an end office switch to function like a
1042 tandem reduces the level of service provided to end users.

1043 **Q. WHAT IS A DEOT?**

1044 A. The term “DEOT” stands for “Direct End Office Trunk group.” A DEOT is simply a
1045 direct trunk group between two end office switches. Routing calls directly from one end
1046 office switch to the other end office switch by way of a DEOT eliminates the need to
1047 route through the serving tandem, thereby conserving tandem resources.

1048 **Q. WHEN AND WHY ARE DEOTS ESTABLISHED IN THE SBC NETWORK?**

1049 A. Typically, a DEOT is established between two SBC end office switches when the amount
1050 of traffic, or call volume, between these two offices reaches an offered load level that is
1051 equivalent to 24 trunks during a 20-day Average Busy Hour at the tandem. DEOTs help
1052 conserve tandem switch and trunk resources. This makes the network more efficient.

1053 **Q. IS THIS CONSISTENT WITH SBC’S POLICY REGARDING DEOTS FOR**
1054 **ITSELF, ITS AFFILIATES, OR OTHER CARRIERS?**

1055 A. Yes. SBC establishes DEOTs for itself under similar, but more stringent guidelines.
1056 SBC also requires its affiliates to establish DEOTs at a 24 trunk threshold. This language
1057 is also consistent with SBC’s 13-State generic ICA and what SBC requests from other
1058 carriers.

1059 **Q. PLEASE SUMMARIZE WHY SBC’S PROPOSED LANGUAGE SHOULD BE**
1060 **ADOPTED AND LEVEL 3’S REJECTED.**

1061 A. SBC’s language provides for proper routing of traffic according to the LERG, while
1062 Level 3’s proposed language would create misroutes, leading to blocked or failed calls,
1063 misuse of end office switching resources and potential further litigation in the form of
1064 dispute resolutions.

1092 A. No. Meet Point Traffic involves Circuit Switched Telephone Toll and/or Exchange
1093 Access Traffic sent to or received from interexchange carriers. Meet point traffic benefits
1094 Level 3 and Level 3's end users and would provide no value to SBC's or its end users.

1095 Level 3's proposed language allows Level 3 to dump its IXC destined traffic
1096 anywhere Level 3 chooses, on or off SBC's network, and then requires SBC to deliver
1097 Level 3's traffic to the SBC access tandem where the IXC is connected. Meet Point
1098 Traffic is access calls for the benefit of Level 3 end users, which neither originate nor
1099 terminate on SBC's network. Thus, transporting of Level 3 end user access traffic is
1100 Level 3's responsibility (on behalf of its end users) and should be identified as such in the
1101 ICA.

1102 **Q. ARE SBC END USERS ABLE TO ORIGINATE OR TERMINATE CALLS OVER**
1103 **LEVEL 3'S OPERATOR SERVICES / DIRECTORY ASSISTANCE (OS/DA), 911,**
1104 **MASS-CALLING AND MEET-POINT TRUNK GROUPS?**

1105 A. No. These trunk groups are specifically designed to serve Level 3's end users and are
1106 solely for the benefit of Level 3's end users and Level 3. As discussed above, meet-point
1107 trunk groups, involve Circuit Switched Telephone Toll and/or Exchange Access Traffic
1108 sent to or received from interexchange carriers.

1109 **Q. PLEASE SUMMARIZE WHY SBC'S PROPOSED LANGUAGE SHOULD BE**
1110 **ADOPTED AND LEVEL 3'S REJECTED.**

1111 A. SBC believes that Level 3 should establish separate Meet Point trunks for delivery of
1112 Level 3's end user IXC-bound traffic. This is traffic that neither originates from nor
1113 terminates to an SBC end user and is solely for the benefit of Level 3 and its end users.
1114 As such, SBC should not be required to subsidize Level 3's Meet Point traffic on behalf
1115 of Level 3 or its end users.

ITR ISSUE 14(a): SHOULD LEVEL 3 BE REQUIRED TO ESTABLISH A MEET POINT TRUNK GROUP TO EACH SBC 13-STATE LOCAL/ACCESS OR ACCESS TANDEM SWITCH WHERE LEVEL 3 HAS HOMED ITS NXX CODES?

1120	Agreement	Reference:	Interconnection	Trunking
1121	Requirements	Sections 5.4.3, 5.4.4, 5.4.6		

1122 Q. WHAT IS THE DISPUTE BETWEEN LEVEL 3 AND SBC REGARDING ITR
1123 ISSUE 14(A)?

1124 A. The dispute in ITR Issue 14(a) is the same as ITR Issue 13 above with respect to where
1125 Level 3 has homed its NXX codes.

1126 **ITR ISSUE 14(b): SHOULD THE PARTIES DEVELOP AN AGREED PLAN**
1127 **TO ESTABLISH ADDITIONAL MEET POINT TRUNK**
1128 **GROUPS TO EACH SBC-13STATE WHEN SBC HAS A**
1129 **CONSTRAINED TANDEM?**

1130	Agreement	Reference:	Interconnection	Trunking
1131	Requirements	Sections 5.4.3, 5.4.4, 5.4.6		

1132 Q. WHAT IS THE DISPUTE BETWEEN LEVEL 3 AND SBC REGARDING ITR
1133 ISSUE 14(B)?

1134 A. The dispute in ITR Issue 14(b) is the same as ITR Issue 13 above with respect to where
1135 SBC has a constrained tandem. SBC would expect Level 3 and all carriers to work
1136 cooperatively to perform work that relieves congestion and helps serve the community at
1137 large, just as SBC would be willing to work with Level 3 if their network required a
1138 reconfiguration.

1139 **ITR ISSUE 14(c): SHOULD EACH PARTY BE REQUIRED TO BEAR THE**
1140 **COST OF TRANSPORTING FX TRAFFIC FOR ITS END**
1141 **USERS?**

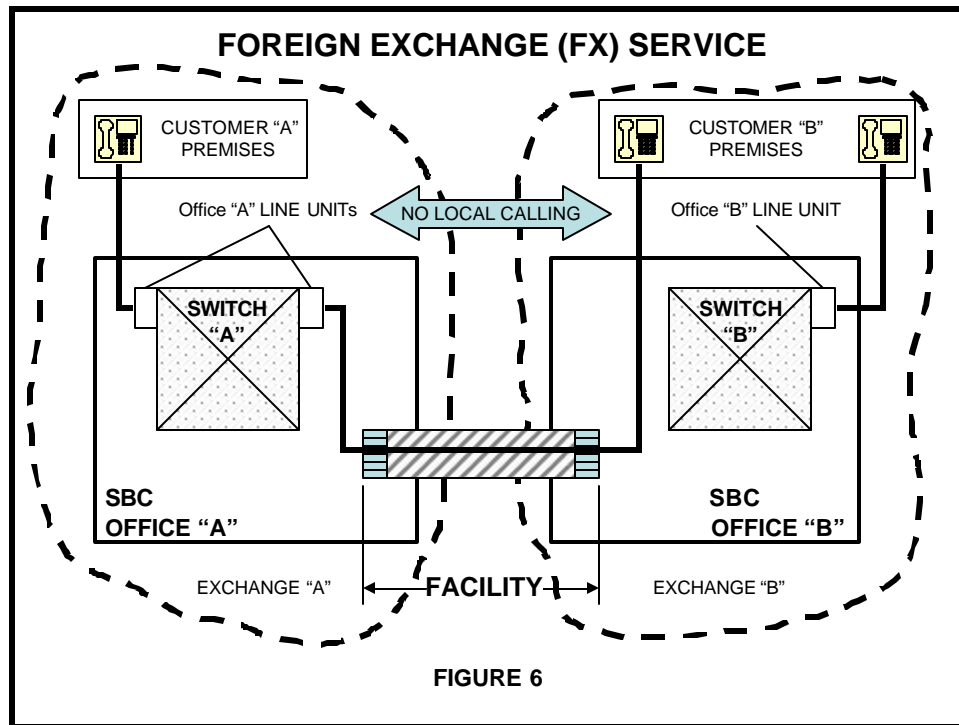
1142 **Agreement Reference: Interconnection Trunking**
1143 **Requirements Sections 5.4.3, 5.4.4, 5.4.6**

1144 Q. WHAT IS THE PARTIES' DISPUTE ON THIS ISSUE?

1145 A. This issue concerns who pays for the transport of calls when an NPA-NXX code is
1146 established as a local call and is closer in resemblance to an 800 toll free call to an ISP
1147 provider. Level 3 classifies this traffic as FX, but the better description for is Virtual
1148 NXX (VNXX).

1149 **Q. WHAT IS FOREIGN EXCHANGE (FX) SERVICE?**

1150 A. Figure 6 illustrates an example of Foreign Exchange (FX) service that SBC provides to
1151 its customers. Customer A lives in Exchange "A". Customer B lives in Exchange "B".
1152 There is no Local Calling between Exchange "A" and Exchange "B"; therefore customer
1153 A must pay a toll charge whenever he calls customer B's telephone number served out of
1154 switch "B". Customer B wants Customer A to be able to call his business at a Local
1155 Rate, so he purchases SBC's FX Service, and obtains a line appearance and a telephone
1156 number served out of switch "A". Customer B will now have two telephone sets or lines
1157 at his premises, but customer A can reach customer B by dialing customer B's Exchange
1158 "A" telephone number.

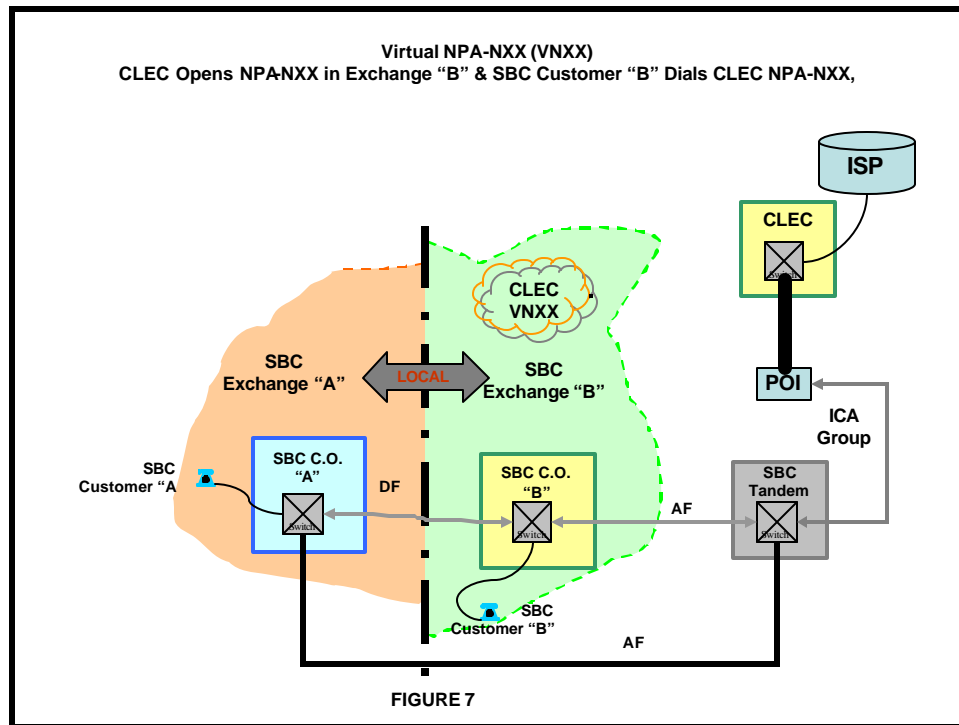


1159

1160 **Q. WHAT IS VIRTUAL NXX (VNXX) AND HOW DOES IT WORK?**

1161 A. Virtual NXX (VNXX) is where an NXX is opened for a rate center in which the customer
1162 has no physical location within the geographical area of the rate center. In VNXX, a
1163 carrier opens a code in an exchange without any equipment or physical presence within
1164 the community of interest, thus the term virtual. VNXX is typically used in order to offer
1165 ISP service to a community remotely.

1166 The Virtual NXX architecture CLECs propose would force all calls from the
1167 originating exchange to be transported to a POI of some distance, so that the CLEC or its
1168 customer can shift the cost of transporting these calls to SBC. The customer does not
1169 even reside in the community where the NPA-NXX is being FXed from, hence its
1170 "virtual" nature.



Q. SHOULD EACH PARTY BE REQUIRED TO BEAR THE COST OF TRANSPORTING FX TRAFFIC FOR THEIR END USERS?

A. Level 3 argues to this Commission that their network architectures pass the cost of transport on to the end user. In reality Level 3 attempts to pass this cost onto SBC. In the context of Internet Service Providers using VNXX, this call scenario is indeed like a long distance call and access charges are appropriate. Level 3 uses the argument; comparing a customer that bears the entire cost, as in the SBC FX service, to the VNXX that allows an ISP to be far removed from the community it intends to service and then shift the cost to SBC for these calls.

It is traditional in a competitive market for a firm to pay for the cost of goods sold, but Level 3 would have this Commission believe that it should not have to pay for the transporting of these calls.

Q. PLEASE SUMMARIZE WHY SBC'S PROPOSED LANGUAGE SHOULD BE ADOPTED AND LEVEL 3'S REJECTED.

1186 A. The Commission should select SBC's language on this issue as this traffic so closely
1187 resembles 8YY traffic that clearly has the terminating carrier paying access charges to the
1188 originating carrier. The Texas Commission has recently awarded this for all FX traffic.

1189 **ITR ISSUE 15(a): SHOULD TRAFFIC TO AND FROM IXCS BE CALLED**
1190 **"TELECOMMUNICATIONS TRAFFIC" OR "SWITCHED**
1191 **ACCESS CUSTOMER TRAFFIC"?**

1192 **Agreement Reference: Interconnection Trunking**
1193 **Requirements Section 5.4.7**

1194 **Q. WHAT IS THE DISPUTE BETWEEN LEVEL 3 AND SBC REGARDING ITR**
1195 **ISSUE 15(A)?**

1196 A. The dispute in ITR Issue 15(a) is similar to ITR Issue 13 above. Level 3 would expand
1197 the definition of traffic to and from IXC's to include traffic other than IXC carried traffic.
1198 Such combination of traffic creates inefficiencies in the network, which could lead to
1199 potential problems with misroutes of traffic per the LERG, causing the possibility of
1200 blocked calls, as well as potential billing errors.

1201 **Q. PLEASE SUMMARIZE WHY SBC'S PROPOSED LANGUAGE SHOULD BE**
1202 **ADOPTED AND LEVEL 3'S REJECTED.**

1203 A. The SBC language should be adopted as the term Telecommunications Traffic is too
1204 broad and does not define the type of traffic being discussed.

1205 **ITR ISSUE 15(b): SHOULD SBC BE REQUIRED TO DOUBLE TANDEM**
1206 **SWITCH CALLS TO/FROM SWITCHED ACCESS**
1207 **CUSTOMERS?**

1208 **Agreement Reference: Interconnection Trunking**
1209 **Requirements Section 5.4.7**

1210 **Q. WHAT IS THE PARTIES' DISPUTE ON THIS ISSUE?**

1211 A. Whether SBC should double tandem calls for Level 3 that are destined for an IXC.

1212 **Q. WHAT PROBLEMS ARE ASSOCIATED WITH DOUBLE TANDEMING**
1213 **SWITCHED ACCESS CALLS?**

1214 A. From a technical aspect, this cannot be done. Originating switched access traffic has a
1215 unique call format referred to as Equal Access. The Equal Access formatted call must be
1216 sent directly to an IXC Class 3 or higher tandem switch in order for the call to complete.
1217 Class 4 tandems are not capable of receiving Equal Access formatted calls from another
1218 Class 4 tandem, nor can a call sent from an End Office to a Class 4 tandem switch be
1219 forwarded to another Class 4 tandem switch.

1220 **Q. PLEASE SUMMARIZE WHY SBC'S PROPOSED LANGUAGE SHOULD BE**
1221 **ADOPTED AND LEVEL 3'S REJECTED.**

1222 A. The Commission should adopt SBC's language and reject Level 3's language that would
1223 potentially create blocking.

1224 **ITR ISSUE 16(a): SHOULD ALL LEVEL 3 ORIGINATING 800 (8YY)**
1225 **TRAFFIC OR SOME LEVEL 3 ORIGINATING 800/8YY BE**
1226 **ROUTED OVER THE MEET POINT TRUNK GROUP?**

1227 **Agreement Reference: Interconnection Trunking Requirements Section 5.5.1**

1228 **Q. SHOULD LEVEL 3 ORIGINATED 800/8YY TRAFFIC BE ROUTED OVER**
1229 **MEET POINT TRUNKS SIMILAR TO ACCESS TRAFFIC?**

1230 A. Yes. 800/8YY traffic is subject to switched access charges and therefore should not be
1231 routed over Local Interconnection Trunk Groups. This analysis is similar to my
1232 testimony for ITR Issue 4(a), and SBC's proposal should be adopted for the reasons
1233 stated therein.

1234 **ITR ISSUE 16(b): SHOULD LEVEL 3 BE PERMITTED TO CHOOSE THE**
1235 **TRUNK GROUP TYPE OVER WHICH IT WILL ROUTE**
1236 **TRAFFIC?**

1237 **Agreement Reference: Interconnection Trunking**
1238 **Requirements Section 5.5.3**

1239 **Q. IS IT APPROPRIATE FOR TRAFFIC TO BE ROUTED OVER THE**
1240 **APPROPRIATE TRUNK GROUP TYPE?**

1241 A. Yes. Level 3 should not be allowed to misroute traffic. This is similar to my testimony
1242 for ITR Issue 4(a) above, and SBC's proposal should be adopted for the reasons state
1243 therein.

1244 **ITR ISSUE 16(c): WOULD SBC EVER DELIVER A POST-QUERIED 800/8YY**
1245 **CALL TO LEVEL 3 FOR COMPLETION?**

1246 **Agreement Reference: Interconnection Trunking**
1247 **Requirements Section 5.5.4**

1248 **Q. WHAT IS THE PURPOSE OF AND WHAT IS REQUIRED FOR SBC TO**
1249 **PERFORM 800/8YY DATABASE QUERIES?**

1250 A. The purpose of 800/8YY queries is to search a database to find the true number being
1251 called. 800/8YY numbers are pseudo numbers that are only assigned in a database and
1252 that correlate to an actual 10 digit telephone number. Each time an 800/8YY number is
1253 called, a database query is launched by the switch to determine where to route the call.

1254 In order to perform an 800/8YY query, Service Switching Point (SSP) software
1255 must be loaded into each switch that is to perform that function. The SSP software has
1256 been purchased and implemented in all of SBC's network, so therefore SBC would never
1257 pay another carrier to perform this function.

1258 **Q. PLEASE SUMMARIZE WHY SBC'S PROPOSED LANGUAGE SHOULD BE**
1259 **ADOPTED AND LEVEL 3'S REJECTED.**

1260 A. The language that Level 3 is proposing clearly is a waste of time for SBC and this
1261 Commission, as SBC will always use the software that SBC purchased and implemented
1262 in its network and not use Level 3 for this service.

1263 **V. TRANSIT**

1264 **ITR ISSUE 5, 6, 7, 8, & 9: IS A NON-SECTION 251 SERVICE – TRANSIT**
1265 **SERVICE, IN THIS INSTANCE – SUBJECT TO**
1266 **ARBITRATION UNDER 252 OF THE 1996 ACT?**

1267 **Agreement Reference: Interconnection Trunking**
1268 **Requirements Sections 4.3, 4.3.1, 4.3.2, 4.3.3, 4.3.4**

1269 **OET ISSUE 5(e): SHOULD A NON-251/252 SERVICE SUCH AS**
1270 **TRANSIT SERVICE BE NEGOTIATED**
1271 **SEPARATELY?**

1272 **Agreement Reference: Out of Exchange Traffic Section**
1273 **4.1**

1274 **Q. WHAT IS THE PARTIES' DISPUTE ON THESE ISSUES?**

1275 A. The parties disagree over whether terms and conditions related to transit traffic should be
1276 included in the parties' interconnection agreement. Level 3 admits (Hunt at p. 53) that
1277 “[t]here is no FCC rule that requires SBC to transit traffic under Sections 251 and 252.”
1278 That being the case, terms and conditions governing transit traffic should not be included
1279 in the parties' interconnection agreement.

1280 **Q. IS TRANSIT TRAFFIC A SECTION 251/252 OBLIGATION?**

1281 A. No. Transit traffic is telecommunications traffic between originating and terminating
1282 carriers that is transported between the originating and terminating carriers over the
1283 network of a third party carrier. Transit traffic is neither originated from nor terminated
1284 on the third party carrier's network.

1285 All carriers have the duty under Section 251(a) of the Act to interconnect directly
1286 or indirectly with other carriers for the purpose of exchanging Section 251(b)(5) traffic.
1287 This agreement between Level 3 and SBC is only for the exchange of traffic between
1288 Level 3 and SBC pursuant to Sections 251 and 252 of the Act, including Sections 251(b)

and 251(c). Level 3's transit traffic neither originates from nor terminates on SBC's network and, as such, does not create a Section 251/252 obligation subject to this agreement.

Q. DOES SECTION 251(B)(5) TRAFFIC INCLUDE TRANSIT TRAFFIC?

A. No. Section 251(b)(5) of the Act sets forth "the duty to establish reciprocal compensation for the *transport and termination* of telecommunications" (emphasis added) *between originating and terminating* carriers. Transit traffic is traffic that is neither originated by nor terminated to an SBC end user. Even for the purpose of reciprocal compensation, transit traffic cannot be considered Section 251(b)(5) traffic because it is not between the originating carrier and the terminating carrier end users covered by this agreement. Defining transit traffic as Section 251(b)(5) traffic – as Level 3 seeks to do – would shift switching, transport, and reciprocal compensation obligations to the transiting carrier instead of the originating carrier. Level 3 should not be allowed to shift its obligations to SBC.

The plain language of Section 251(b)(5) of the Act and existing FCC regulations refute Level 3's proposal to include terms and conditions related to transit traffic in the interconnection agreement.

SBC has included a definition of Section 251(b)(5) traffic in this agreement that complies with the Act and the FCC's prior rulings.

Q. WHAT IS LEVEL 3'S POSITION REGARDING TRANSIT TRAFFIC?

A. Confused. While Mr. Hunt acknowledges that "[t]here is no FCC rule that requires SBC to transit traffic under Sections 251 and 252," he then proceeds to state that the obligation to provide transit gives meaning to the requirement of indirect interconnection in section

251(a)(1) and the requirement to provide interconnection at any technically feasible point in section 251(c)(2). Hunt at p.53.

Q. DOES SECTION 251(C)(2) INCLUDE AN OBLIGATION ON SBC?

A. No. Though I am not an attorney, I believe Section 251(c)(2) is clear that “*The duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network*” (emphasis added) is an obligation of the ILECs with respect to interconnection with their own networks, and not the networks of other carriers. Had Congress intended to require ILECs to provide transit, Congress could have explicitly included such an obligation in Section 251(c)(2), like it did with the inclusion of four other specific obligations (A-D) under Section 251(c)(2).

In short, Transit Service is a non-251/252 service, and as such is not an arbitrable issue. Pursuant to the Fifth Circuit’s decision in *CoServe LLC v. Southwestern Bell Telephone Co.*, 350 F.3d 482 (5th Cir. 2003), non-251(b) and (c) items are not arbitrable unless both parties voluntarily consent to the negotiation/arbitration of such items. SBC did not do so and therefore this issue cannot be arbitrated here.

While it is true that all carriers have a duty under Section 251(a) of the Act to interconnect directly or indirectly with other carriers for the purpose of exchanging Section 251(b)(5) traffic, as explained above, transit traffic is not 251(b)(5) traffic subject to this agreement. Additionally, as explained above, this interconnection agreement is a Section 252 agreement, which includes Section 251(b) and Section 251(c).

Q. DOES INDIRECT INTERCONNECTION PURSUANT TO SECTION 251(A)(1) IMPOSE A TRANSIT OBLIGATION ON SBC AS CLAIMED BY MR. HUNT(AT PP. 52-53)?

1336 A. No. As discussed above, nothing in the Act or the FCC's rules requires SBC to provide
1337 transiting service.

1338 Mr. Hunt hangs his hat on Section 251(a)(1), claiming that because carriers have
1339 the duty to interconnect directly or indirectly, the "indirectly" portion of Section
1340 251(a)(1) creates an obligation on a third party to provide the transit service necessary for
1341 such indirect interconnection.

1342 Mr. Hunt misinterprets Section 251(a)(1). A plain reading of Section 251(a)(1)
1343 makes clear that it places no such obligation on the incumbent LECs or any other carrier:

1344 *Each telecommunications carrier has the duty (1) to interconnect*
1345 *directly or indirectly* with the facilities and equipment of other
1346 telecommunications carriers. (Emphasis added.)

1347 **Q. DOES SBC INTEND TO CEASE PROVIDING TRANSIT SERVICE AS**
1348 **CLAIMED BY MR. HUNT (AT PP. 52-54) AND MR. WILSON (AT P. 28)?**

1349 A. No. SBC does not intend to cease providing transit service. Nor does SBC seek to
1350 negatively impact Level 3's operations or its ability to offer services, as Level 3 alleges
1351 (Wilson at p. 28). To the contrary, SBC will continue to transit traffic originated by
1352 Level 3. But, for the reasons explained above, SBC should be permitted to do so
1353 pursuant to an agreement other than an ICA.

1354 **Q. WOULD A SEPARATE TRANSIT AGREEMENT AS PROPOSED BY SBC**
1355 **CAUSE LEVEL 3 OR OTHER CARRIERS TO BUILD AN EXPENSIVE, BUT**
1356 **LITTLE USED, NETWORK, AS LEVEL 3 ASSERTS (HUNT AT P. 52; WILSON**
1357 **AT PP. 27-28)?**

1358 A. No. The Transit Agreement proposed by SBC clearly defines the threshold at which
1359 Level 3 would establish a separate DEOT for traffic exchanged between Level 3 and a
1360 third party carrier. Once Level 3 is exchanging traffic with another carrier at the DEOT

threshold, it is appropriate for Level 3 and the other carrier to enter into a separate interconnection agreement and cease to rely on SBC's network.

Q. ARE MR. WILSON (AT PP. 26-27) AND MR. GATES (AT P. 36) CORRECT THAT IT IS MORE EFFICIENT FOR SBC TO CARRY TRANSIT TRAFFIC FOR LEVEL 3 BECAUSE SBC IS CONNECTED TO ALL CARRIERS?

A. While SBC does not dispute that it may be efficient for Level 3 as a new entrant to connect to other carriers through SBC, once traffic between Level 3 and a third party carrier exceeds the DEOT threshold, it is appropriate that Level 3 and the other carrier move their traffic off SBC's tandem. This is similar to agreed-to language between SBC and Level 3 for DEOTs between themselves.¹⁰

Q. SHOULD SBC BE REQUIRED TO CONTINUE PROVIDING TRANSITING PURSUANT TO INTERCONNECTION AGREEMENTS BECAUSE IT HAS DONE SO IN THE PAST, AS LEVEL 3 CLAIMS (WILSON AT P. 25, HUNT AT P. 56)?

A. No. Although SBC has never indicated to Level 3 that SBC will cease providing transiting, as a non-251/252 obligation, transiting should be negotiated separately from the ICA. The fact that SBC provided transit as part of its ICA agreements in the past because of previous interpretations of the Act and subsequent rules is not sufficient to require SBC to continue to do so today, now that SBC's obligations under the Act have been more clearly defined. Additionally, because of changes in technology (*e.g.*, VoIP), recent instances of CPN alteration, manipulation, and exclusion, as well as claims by independent and rural LECs and CLECs that SBC, as the transit provider, should be responsible for paying reciprocal compensation for traffic where CPN is unavailable, a

¹⁰ See ITR 5.3.3.1: "The Parties shall establish direct End Office [Trunk Groups]... where actual or projected traffic demand exceeds one DS1's worth of traffic for three (3) consecutive months as measured during the busy hour."

1384 separate Transit Agreement is more appropriate. In so doing, the duties and obligations
1385 of all parties, including the originating carrier, transiting carrier, and terminating carrier
1386 will be laid out and more clearly defined.

1387 **Q. IS MR. WILSON (AT PP. 27-28) CORRECT IN HIS TESTIMONY THAT SBC**
1388 **WILL NOT BE FINANCIALLY HARMED IF IT IS REQUIRED TO CONTINUE**
1389 **PROVIDING TRANSIT AND THAT SBC WILL FULLY RECOVER ITS COSTS**
1390 **FOR PROVIDING IT?**

1391 A. As transit stands today, no, Mr. Wilson is wrong. SBC is already seeing this in ongoing
1392 arbitrations, as well as in several Commission studies regarding compensation for
1393 transited traffic.¹¹ In various arbitrations, CLECs have argued that 1) it is common to
1394 enter into a “bill and keep” arrangement¹² for indirect interconnection with third party
1395 carriers through the ILEC; 2) it is not always technically feasible to provide CPN¹³ (and
1396 even not required for VoIP traffic); and 3) where CPN is unavailable or altered, SBC, as
1397 the transit provider, should be responsible for paying the reciprocal compensation.¹⁴ In
1398 other words, CLECs are seeking to shift their reciprocal compensation obligations as
1399 originating carriers to SBC as the transiting provider.

1400 **Q. IF SBC AGREES TO PROVIDE A TRANSIT SERVICE, HOW SHOULD LEVEL**
1401 **3’S LOCAL TRANSIT TRAFFIC AND LEVEL 3’S ORIGINATED INTRALATA**
1402 **TOLL TRANSIT TRAFFIC BE ROUTED THROUGH SBC’S NETWORK?**

1403 A. No matter what type of traffic one carrier delivers to another, the Local Exchange
1404 Routing Guide (LERG) identifies the proper routing for the purpose of delivering that

¹¹ Texas Docket # 28821, Texas Mega Arbitration – Illinois Docket # 04-0469 – Missouri OBF and inquires beginning in Illinois concerning transit compensation for rural and independent LECs.

¹² Texas Docket # 28821 – Testimony of Schell and Talbot on behalf of AT&T.

¹³ ICC Docket # 04-0469 – Testimony of Price on behalf of MCI.

¹⁴ See footnotes 10, 11, and 12 above as well as Texas Docket # 28821 – Testimony of Timothy Gates on behalf of KMC.

1405 traffic. The LERG is used to identify end offices and local, access, and combination
1406 local/access tandems, and it is the industry accepted routing guide established for
1407 efficient planning and routing of telecommunications traffic.

1408 Routing per the LERG is necessary to allow carriers to design and manage their
1409 networks in the most efficient manner. Level 3 would deny SBC the right to manage and
1410 control its network; instead Level 3 wants SBC's network to be operated solely for the
1411 benefit of Level 3. If SBC agrees to provide a transit service to Level 3, that transit
1412 traffic should be delivered to SBC at the appropriate tandem as designated by SBC in the
1413 LERG.

1414 An analogy might be helpful. Suppose a person wanted to fly from Austin to
1415 Switzerland on American Airlines. That person would purchase a ticket subject to the
1416 terms and conditions of American Airlines. If American Airlines had flights to
1417 Switzerland that fly out of Chicago O'Hare, the person wanting to fly to Switzerland
1418 would need to get to Chicago to board that flight. They could not buy an Austin to Dallas
1419 ticket, board that flight, and then insist that American Airlines fly them to Switzerland
1420 instead.

1421 American Airlines schedules flights based on passenger demand, flight time, pilot
1422 certifications, plane or jet capabilities, and fuel requirements. While a flight from Austin
1423 to Dallas may use a short range propeller plane or turbojet, an international flight from
1424 Chicago to Switzerland would most likely use a long range 777 or other heavy jet. The
1425 pilots and crew are also trained and skilled specific to the flight requirements and aircraft.

1426 Much like American Airlines, SBC designs and builds its network based on
1427 demand, capacity, rating, and routing. A local tandem is designed and engineered to

1428 primarily support local traffic, much like a regional airport primarily handles local or
1429 commuter flights. An access tandem is designed and engineered to primarily support
1430 long distance intraLATA / interLATA toll access traffic, much like an airport such as
1431 Chicago O'Hare acts as a national / international hub to handle extended flights such as
1432 national coast-to-coast and international travel. This information is maintained in the
1433 LERG to assist carriers with identifying the proper routing for the purpose of delivering
1434 telecommunications traffic to the appropriate local or access tandem.

1435 Just as the person seeking to fly on American Airlines to Switzerland should meet
1436 American Airlines at the Chicago O'Hare Airport and not in Austin, Level 3 should route
1437 its traffic, including any transit traffic, to the appropriate local tandem or access tandem
1438 per the LERG. And this should be no different whether the transit traffic is local or
1439 intraLATA toll in nature.

1440 **Q. PLEASE SUMMARIZE WHY THE COMMISSION SHOULD NOT INCLUDE**
1441 **TRANSIT TRAFFIC IN THE INTERCONNECTION AGREEMENT.**

1442 A. The Commission should hold that transiting is not a 251/252 obligation subject to this
1443 ICA and, therefore, it should not be included in this agreement. Additionally, SBC
1444 should not be held liable for reciprocal compensation for transited traffic on behalf of
1445 originating carriers that change, alter, modify or withhold CPN.

1446 **Q. IF THE COMMISSION DOES REQUIRE THE PARTIES TO INCLUDE TERMS**
1447 **AND CONDITIONS RELATED TO TRANSIT TRAFFIC IN THE**
1448 **INTERCONNECTION AGREEMENT, HOW SHOULD IT BE DONE?**

1449 A. If the Commission requires the parties to include terms and conditions related to transit
1450 traffic in the interconnection agreement, the language proposed by SBC in its Transit
1451 Traffic Agreement provides for transiting in a manner that protects the interests of all

parties and clearly defines and lays out the duties and obligations of all parties, including the originating carrier, transiting carrier, and terminating carrier.

VI. OUT OF EXCHANGE TRAFFIC (OET)

OET ISSUE 4(a): SHOULD EACH PARTY BE REQUIRED TO ADMINISTER ITS NETWORK TO ENSURE ACCEPTABLE SERVICE LEVELS TO ALL USERS OF ITS NETWORK SERVICES?

Agreement Reference: Out of Exchange Traffic Section 3.3

Q. WHAT IS OUT OF EXCHANGE TRAFFIC (OET) AND WHY IS THERE AN OET APPENDIX?

A. As Ms. Chapman explained in more detail in her testimony, the OET Appendix reflects SBC's obligations relating to traffic (OET Traffic) that originates or terminates with a Level 3 end user outside of SBC's local exchange area.

Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN LEVEL 3 AND SBC WITH RESPECT TO OET ISSUE 4(A)?

A. Level 3 opposes SBC's proposed language for Section 3.3 of the Out of Exchange Traffic Appendix relating to network administration. The parties agreed to language identical to Section 3.3 in GTC Section 36.2. For the same reasons that this language is appropriate in the GTC Appendix, it is appropriate in the OET Appendix.

Q. DOES SBC EXPECT LEVEL 3 TO ADMINISTER ITS NETWORK TO ENSURE ACCEPTABLE SERVICE LEVELS TO ALL USERS OF ITS NETWORK SERVICES?

A. Yes. SBC administers its network to ensure acceptable service levels to all users of its network services. In doing so, SBC ensures that no harm or damage is done to other carriers' networks, and does not interfere with the service of other CLEC's end users. SBC expects the same from Level 3 as well as other carriers. Each party has an obligation to ensure that its network operates at acceptable levels. Failure to do so could

1479 cause damage to the other interconnecting party's network or interfere with end user
1480 service.

1481 **Q. DID LEVEL 3 PROVIDE ANY SPECIFIC TESTIMONY REGARDING THIS**
1482 **ISSUE?**

1483 A. I was not able to locate any Level 3 testimony that explains why Level 3 is not willing to
1484 agree to administer its network to ensure acceptable service levels to all users of its
1485 network services.

1486 **OET ISSUE 4(b): SHOULD THE OET APPENDIX INCLUDE TERMS**
1487 **PRESERVING EACH PARTY'S RIGHT TO IMPLEMENT**
1488 **PROTECTIVE NETWORK MANAGEMENT CONTROLS**
1489 **AND TRAFFIC REROUTES?**

1490 **Agreement Reference: Out of Exchange Traffic Sections 3.4-**
1491 **3.5**

1492 **Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN LEVEL 3 AND SBC**
1493 **WITH RESPECT TO OET ISSUE 4(B)?**

1494 A. Level 3 opposes SBC's proposed language for Sections 3.4 and 3.5 of the Out of
1495 Exchange Traffic Appendix relating to protective network management controls and
1496 traffic reroutes.

1497 **Q. SHOULD THE OET APPENDIX SPECIFY THAT EACH PARTY MAY UTILIZE**
1498 **NETWORK MANAGEMENT CONTROLS AND TRAFFIC REROUTES?**

1499 A. Yes. Level 3 asserts that the ITR and NIM appendices adequately specify all of the
1500 requirements for interconnection (Wilson at pp. 48-49.) This is not correct. While the
1501 parties have agreed to language identical to Sections 3.4 and 3.5 in ITR Sections 10.1.1
1502 and 10.2.1, the ITR and OET Appendices are different. The ITR deals with traffic where
1503 SBC is a registered ILEC, while the OET Appendix deals with traffic outside of SBC's
1504 territory. The same reasons that this language is appropriate in the ITR Appendix apply
1505 to the OET Appendix. Notably, Level 3 does not suggest otherwise.

1506 **Q. DID LEVEL 3 PROVIDE ANY SPECIFIC TESTIMONY REGARDING THIS**
1507 **ISSUE?**

1508 A. I was not able to locate any Level 3 testimony that explains why Level 3 is not willing to
1509 agree to SBC's language permitting either party to engage in protective network
1510 management controls and traffic reroutes.

1511 **OET ISSUE 4(c): SHOULD THE OET APPENDIX INCLUDE A PROVISION**
1512 **THAT THE PARTIES WILL COOPERATE AND SHARE**
1513 **INFORMATION REGARDING EXPECTED TEMPORARY**
1514 **INCREASES IN CALL VOLUMES?**

1515 **Agreement Reference: Out of Exchange Traffic Section 3.6**

1516 **Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN LEVEL 3 AND SBC**
1517 **WITH RESPECT TO OET ISSUE 4(C)?**

1518 A. Level 3 opposes SBC's proposed language for Sections 3.6 of the Out of Exchange
1519 Traffic Appendix relating to cooperation between the parties and sharing information
1520 regarding expected temporary increases in call volumes. The parties agreed to language
1521 identical to Section 3.6 in ITR Section 10.3.1. As noted above, the ITR and OET
1522 Appendices are different. The ITR deals with traffic where SBC is a registered ILEC,
1523 while the OET Appendix deals with traffic outside of SBC's territory. However, the
1524 same reasons that this language is appropriate in the ITR Appendix apply to the OET
1525 Appendix. Level 3 does not suggest otherwise.

1526 **OET ISSUE 5(a): SHOULD SECTION 4.1 REFERENCE LEVEL 3 HAVING A**
1527 **POI WITHIN A LATA OR WITHIN AN EXCHANGE**
1528 **AREA?**

1529 **Agreement Reference: Out of Exchange Traffic Section 4.1**

1530 **Q. SHOULD POIS BE PROVIDED AS AGREED TO IN APPENDIX NIM?**

1531 A. Yes. Agreed-to language in Section 4.1 indicates that the Parties will exchange traffic to
1532 points of interconnection (POIs) according to Appendix NIM of this Agreement. For the

1533 reasons stated in my discussion of NIM Issue 2, SBC's additional proposed language
1534 relating to POIs should be adopted.

1535 **OET ISSUE 5(b): SHOULD THE SCOPE OF THE OET APPENDIX GOVERN**
1536 **THE EXCHANGE OF "TELEPHONE TRAFFIC, ISP-**
1537 **BOUND TRAFFIC AND IP-ENABLED SERVICES**
1538 **TRAFFIC," OR "SECTION 251 (B)(5) TRAFFIC" AND ISP-**
1539 **BOUND TRAFFIC"?**

1540 **Agreement Reference: Out of Exchange Traffic Section 4.1**

1541 **Q. DOES THE DISPUTE BETWEEN LEVEL 3 AND SBC WITH RESPECT TO OET**
1542 **ISSUE 5(B) RELATE TO ANY OTHERS?**

1543 A. This issue is directly related to OET Issue 9. See my discussion below, as well as the
1544 testimony of Scott McPhee.

1545 **OET ISSUE 5(c): SHOULD THE AGREEMENT PROVIDE THAT SBC WILL**
1546 **ACCEPT LEVEL 3'S "OET TRAFFIC" OR**
1547 **"TELECOMMUNICATIONS TRAFFIC"?**

1548 **Agreement Reference: Out of Exchange Traffic Section 4.1**

1549 **Q. WHAT IS SBC'S POSITION WITH RESPECT TO OET ISSUE 5(C)?**

1550 A. This appendix deals with OET Traffic and should be clearly limited to that. See the
1551 testimony of Scott McPhee and Carol Chapman for a further discussion of the purpose of
1552 the OET Appendix.

1553 **OET ISSUE 5(d): SHOULD LEVEL 3 BE REQUIRED TO DIRECT END**
1554 **OFFICE TRUNK ONCE TRAFFIC BETWEEN THE**
1555 **PARTIES EXCEEDS ONE DS1 (OR 24 TRUNKS)?**

1556 **Agreement Reference: Out of Exchange Traffic Section 4.1**

1557 **Q. IS THE DISPUTE BETWEEN LEVEL 3 AND SBC REGARDING OET ISSUE**
1558 **5(D) SIMILAR TO ANY OTHER ISSUES IN THIS ARBITRATION?**

1559 A. Yes. This issue is similar to ITR Issue 12 as explained in my testimony above. As I note,
1560 Level 3 and SBC have agreed to establish a DEOT once traffic exceeds one DS1 for 3

1561 months. For the same reasons discussed there, the OET Appendix should provide that
1562 Level 3 will establish a DEOT when the amount of traffic reaches a certain threshold.
1563 DEOTs help conserve tandem switch and trunk resources. This makes the network more
1564 efficient. SBC establishes DEOTs for itself under similar, but more stringent, guidelines,
1565 and also requires its affiliates to establish DEOTs at a 24 trunk threshold.

1566 **Q. IS IT MORE EFFICIENT TO TRANSIT TRAFFIC THROUGH THIRD PARTIES**
1567 **AS LEVEL 3 ASSERTS IN ITS POSITION STATEMENT?**

1568 A. No. Rarely, if ever, would transiting traffic through third parties be more efficient for the
1569 third party or SBC. It is only more efficient for Level 3 because in these instances third
1570 parties are left to carry the freight on Level 3's behalf. There is inherently more transport
1571 and / or more stages of switching involved in transiting than there would be to direct
1572 trunk between carriers.

1573 **OET ISSUE 5(e): SHOULD A NON-251/252 SERVICE SUCH AS TRANSIT**
1574 **SERVICE BE NEGOTIATED SEPARATELY?**

1575 **Agreement Reference: Out of Exchange Traffic Section 4.1**

1576 **Q. IS THE DISPUTE BETWEEN LEVEL 3 AND SBC REGARDING OET ISSUE 5(E)**
1577 **SIMILAR TO ANY OTHER ISSUES IN THIS ARBITRATION?**

1578 A. Yes. This issue is the same as ITR Issues 5, 6, 7, and 9 and is above my testimony in
1579 Transit – Section V.

1580 **OET ISSUE 6: SHOULD LEVEL 3 BE REQUIRED TO TRUNK TO EACH**
1581 **TANDEM IN THE LATA?**

1582 **Agreement Reference: Out of Exchange Traffic Section 4.2**

1583 **Q. IS THE DISPUTE BETWEEN LEVEL 3 AND SBC REGARDING OET ISSUE 6**
1584 **SIMILAR TO ANY OTHER ISSUES IN THIS ARBITRATION?**

1585 A. Yes. This issue is the same as ITR Issue 4(a) as discussed in my testimony above.

1586 **OET ISSUE 7: SHOULD LANGUAGE RELATING TO TRUNK GROUPS**
1587 **FOR ANCILLARY SERVICES THAT WAS AGREED TO IN**
1588 **THE ITR APPENDIX ALSO BE INCLUDED IN THE OET**
1589 **APPENDIX?**

1590 **Agreement Reference: Out of Exchange Traffic Section 4.3**

1591 **Q. WHAT IS THE NATURE OF THE DISPUTE ON OET ISSUE 7?**

1592 A. Both Level 3 and SBC are in agreement that language from the ITR Appendix will
1593 govern trunk groups for ancillary service. However, SBC proposes that actual
1594 substantive language be included which is nearly identical to the ITR language in Section
1595 3.2. Level 3 proposes a vague reference to the ITR Appendix, but does not refer to a
1596 particular section.

1597 **OET ISSUE 8(a): SHOULD SBC BE REQUIRED TO DOUBLE TANDEM**
1598 **SWITCH CALLS TO/FROM LEVEL 3?**

1599 **Agreement Reference: Out of Exchange Traffic Section 4.9**

1600 **Q. WHAT IS THE UNDERLYING DISPUTE IN OET ISSUE 8(A)?**

1601 A. SBC proposes substantive language that provides Level 3 with access to any subtending
1602 offices where Level 3 establishes a trunk group to that serving tandem. Level 3 offers
1603 only a vague reference to the ITR Appendix.

1604 **Q. WHY SHOULD LEVEL 3 ESTABLISH TRUNKS TO EVERY SBC TANDEM IN**
1605 **A MULTI-TANDEM LATA?**

1606 A. While the POI establishes the point at which SBC and Level 3 facilities meet to
1607 interconnect our two networks, trunk groups are established on these facilities so traffic
1608 can be exchanged between the two networks. Each SBC tandem serves its own set of end
1609 offices. SBC must deliver calls from Level 3 to all of SBC's end users. If Level 3 only
1610 establishes a trunk group to the tandem that is near the POI, only those calls to SBC end
1611 users that are behind that tandem can be efficiently delivered. Calls to such end users are

switched once by the first tandem to the end user's end office for completion. However, calls destined for SBC end users behind other tandems must be switched at the first tandem to redirect the call to the proper tandem, then switched a second time at the second tandem to the end user's end office for completion. Having Level 3 connect to only one SBC tandem is not an efficient method of delivering calls from Level 3 to other SBC end users in the LATA. This method places an immediate burden on SBC in the form of additional points of switching and additional tandem trunk ports for each call to the distant tandems. There are long-term effects, also. Re-directing Level 3's traffic from one tandem to another can accelerate tandem exhaust, leading to more frequent tandem switch growth jobs and the need to purchase additional tandems. When Level 3 establishes direct trunk groups to every SBC tandem within the LATA, the network functions more efficiently.

OET ISSUE 8(b): SHOULD SBC'S END OFFICES PROVIDE LEVEL 3 ACCESSIBILITY ONLY TO THE NXXS THAT ARE SERVED BY THAT END OFFICE?

Agreement Reference: Out of Exchange Traffic Section 4.9

Q. WHAT IS THE UNDERLYING DISPUTE IN THIS ISSUE?

A. This is an extension of Level 3's position in ITR 12 that it should be able to combine both local and non-local traffic on a single interconnection trunk group. SBC's End Offices are not designed to serve a tandem function.

Q. WHAT KIND OF TRAFFIC IS ROUTED TO A DIRECT END OFFICE TRUNK GROUP BETWEEN TWO END OFFICES?

A. Only traffic that is originated by the end users connected to one end office switch, destined for the end users connected to another end office switch, is routed over a trunk group between those two end office switches. Trunk capacity at SBC End Office

1637 switches is designed for NPA NXX codes that are homed at that End Office switch. SBC
1638 End Office switches are not designed to perform a tandem function.

1639 DEOTs are used to alleviate tandem exhaust issues where traffic levels between
1640 end office switches are sufficient enough to merit direct trunks.

1641 **Q. WHY AREN'T CALLS DESTINED TO END USERS IN OTHER SWITCHES**
1642 **ROUTED OVER A DIRECT END OFFICE TRUNK GROUP BETWEEN TWO**
1643 **END OFFICES?**

1644 **A.** SBC engineers each of its end office switches to handle the traffic and switching
1645 requirements needed to provide service to only the end users that are connected to each
1646 particular office. Calls destined for end users that are in an office other than the office at
1647 the terminating end of a direct trunk group should be routed to the proper office.
1648 Misrouting calls over a direct trunk group forces an end office to function like a tandem.
1649 This results in network resources for that switch being used at a faster than planned rate.
1650 SBC purchases, administers, and maintains end office switches to function only as end
1651 office switches – not as tandem switches. Tandem switches perform functions that
1652 cannot be performed by end office switches. Forcing an end office switch to function
1653 like a tandem reduces the level of service provided to its end users.

1654 **OET ISSUE 9: SHOULD THE OET APPENDIX GOVERN THE**
1655 **EXCHANGE OF “TELECOMMUNICATIONS TRAFFIC**
1656 **AND IP-ENABLED SERVICES TRAFFIC” OR “SECTION**
1657 **251(B)(5) TRAFFIC AND ISP-BOUND TRAFFIC”?**

1658 **Agreement Reference: Out of Exchange Traffic Section 5.1**

1659 **OET ISSUE 11(a): SHOULD THE OET APPENDIX GOVERN THE**
1660 **EXCHANGE OF “TELECOMMUNICATIONS TRAFFIC**
1661 **AND IP-ENABLED SERVICES TRAFFIC” OR “SECTION**
1662 **251(B)(5) TRAFFIC AND ISP-BOUND TRAFFIC”?**

1663 **Agreement Reference: Out of Exchange Traffic Sections 9.1,**
1664 **9.3, 9.7**

1665 **Q. HOW SHOULD SECTION 251(B)(5) TRAFFIC BE DEFINED?**

1666 A. “Section 251(b)(5) Traffic” is telecommunications traffic, including “ISP-Bound Traffic”
1667 exchanged between Level 3 and SBC in which the originating end user of one Party and
1668 the terminating end user, or ISP of the other Party are:

1669 (i) both physically located in the same SBC Local Exchange Area as defined by
1670 SBC Local (or “General”) Exchange Tariff on file with the applicable state
1671 commission or regulatory agency; or

1672 (ii) both physically located within neighboring SBC Local Exchange Areas that
1673 are within the same common mandatory local calling area. This includes, but it
1674 is not limited to, mandatory Extended Area Service (EAS), mandatory Extended
1675 Local Calling Service (ELCS) or other types of mandatory expanded local calling
1676 scopes.

1677 The use of “ISP-Bound Traffic” is consistent with the FCC’s *Order on Remand*
1678 *Report and Order, In the Matter of Implementation of the Local Compensation*
1679 *Provisions in the Telecommunications Act of 1996 and Inter-carrier Compensation for*
1680 *ISP-Bound Traffic*, FCC 01-131, CC Docket Nos. 96-98, 99-68, 16 F.C.C.R. 9151 (rel.
1681 April 27, 2001) (“FCC ISP Compensation Order”).

1682 SBC’s definition of Section 251(b)(5) traffic in this agreement complies with the
1683 Act and the FCC’s prior rulings.

1684 **Q. IS LEVEL 3 CORRECT THAT THE TERM “SECTION 251(B)(5) TRAFFIC” IS**
1685 **NEWLY CRAFTED BY SBC?**¹⁵

¹⁵ Level 3 Position Statement at DPL – Out of Exchange Issue OET 9 and OET 11.

1686 A. No. The use of these terms is consistent with the FCC's characterization of traffic. I note
1687 that the FCC has abandoned its official definition of "local traffic", citing unnecessary
1688 ambiguities created by the term "local traffic."¹⁶ Instead, the FCC refers to traffic that is
1689 subject to reciprocal compensation under Section 251(b)(5) as 251(b)(5) traffic. The use
1690 of "251(b)(5)" is consistent with the FCC's classification of jurisdictional traffic:
1691 "251(b)(5)," "ISP-bound," "IntraLATA" and "InterLATA."

1692 Mr. McPhee addresses this issue as well.

1693 **OET ISSUE 10: SHOULD THE OET APPENDIX INCLUDE TERMS**
1694 **DETAILING THE COMPENSATION DUE EACH OTHER**
1695 **FOR EXCHANGING TRANSIT TRAFFIC?**

1696 **Agreement Reference: Out of Exchange Traffic Sections 6.0-**
1697 **6.3**

1698 **Q. IS THE DISPUTE BETWEEN LEVEL 3 AND SBC REGARDING OET ISSUE 10**
1699 **SIMILAR TO ANY OTHER ISSUES IN THIS ARBITRATION?**

1700 A. This issue is related to my testimony in Transit Section V concerning ITR Issues 5-9 and
1701 OET Issue 5(e) with respect to SBC's position that a non-Section 251/252 service such as
1702 Transit should not be included in this agreement. This issue also addresses compensation
1703 for transit, which is addressed in more detail by SBC Witness Mr. McPhee.

1704 **OET ISSUE 11(b): SHOULD SBC BE ALLOWED TO USE A TWO-WAY**
1705 **DIRECT FINAL TRUNK GROUP TO EXCHANGE**
1706 **TRAFFIC WITH LEVEL 3?**

1707 **Agreement Reference: Out of Exchange Traffic Sections 9.1,**
1708 **9.3, 9.7**

¹⁶ See ISP Remand Order (FCC 01-131).

1709 **OET ISSUE 12: SHOULD THE AGREEMENT REQUIRE THE PARTIES TO**
1710 **USE A TWO-WAY DIRECT FINAL TRUNK GROUP TO**
1711 **EXCHANGE TRAFFIC WITH LEVEL 3?**

1712 **Agreement Reference: Out of Exchange Traffic Section 9.2**

1713 **Q. HOW DOES SBC HANDLE ITS OWN INTERLATA SECTION 251(B)(5) AND**
1714 **ISP BOUND TRAFFIC?**

1715 A. SBC routes its own Inter-LATA Section 251(b)(5) and ISP Bound Traffic over two-way
1716 Direct Final (“DF”) trunk groups that SBC creates specifically for that purpose. The only
1717 traffic routed over this two-way DF trunk group is traffic that originates and terminates
1718 within the same InterLATA Extended Area Service (EAS) local calling area. SBC is
1719 restricted by the MFJ and the FCC as to the methods by which an ILEC can deliver
1720 InterLATA EAS local traffic. Any method agreed upon by Level 3 and SBC to exchange
1721 InterLATA EAS local traffic must be in compliance with these restrictions. SBC
1722 believes that two-way DF trunks best comply with these restrictions; however, SBC is
1723 willing to negotiate with Level 3 for other options that would also comply with these
1724 restrictions.

1725 **VII. MISCELLANEOUS**

1726 **IC ISSUE 3: SHOULD THE AGREEMENT DEFINE SECTION 251(B)(5)**
1727 **TRAFFIC TO MEAN CALLS IN WHICH THE**
1728 **ORIGINATING END USER AND THE TERMINATING**
1729 **END USER ARE BOTH PHYSICALLY LOCATED IN THE**
1730 **SBC LOCAL EXCHANGE AREA OR COMMON**
1731 **MANDATORY LOCAL CALLING AREA?**

1732 **Agreement Reference: Intercarrier Compensation Section 3.2**

1733 **Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN THE PARTIES FOR IC**
1734 **ISSUE 3?**

1735 A. The nature of the dispute between SBC and Level 3 on IC Issue 3 centers around whether
1736 or not the originating end user and the terminating end user should be physically located

within the same Local Exchange Area or common mandatory local calling area for exchange of Section 251(b)(5) traffic.

Q. HOW SHOULD SECTION 251(B)(5) TRAFFIC BE DEFINED?

A. “Section 251(b)(5) Traffic” is telecommunications traffic, including “ISP-Bound Traffic” exchanged between Level 3 and SBC in which the originating end user of one Party and the terminating end user, or ISP of the other Party are:

(i) both physically located in the same SBC Local Exchange Area as defined by SBC Local (or “General”) Exchange Tariff on file with the applicable state commission or regulatory agency; or

(ii) both physically located within neighboring SBC Local Exchange Areas that are within the same common mandatory local calling area. This includes, but it is not limited to, mandatory Extended Area Service (EAS), mandatory Extended Local Calling Service (ELCS) or other types of mandatory expanded local calling scopes.

The use of “ISP-Bound Traffic” is consistent with the FCC’s *Order on Remand Report and Order, In the Matter of Implementation of the Local Compensation Provisions in the Telecommunications Act of 1996 and Inter-carrier Compensation for ISP-Bound Traffic*, FCC 01-131, CC Docket Nos. 96-98, 99-68 16 F.C.C.R. 9151 (rel. April 27, 2001) (“FCC ISP Compensation Order”).

SBC’s definition of Section 251(b)(5) traffic in this agreement complies with the Act and the FCC’s prior rulings.

Mr. McPhee discusses this issue as well.

1759 **Q. IS LEVEL 3 CORRECT THAT THE TERM “SECTION 251(B)(5) TRAFFIC” IS**
1760 **NEWLY CRAFTED BY SBC?**¹⁷

1761 A. No. The use of these terms is consistent with the FCC's characterization of traffic. I note
1762 that the FCC has abandoned its official definition of “local traffic”, citing unnecessary
1763 ambiguities created by the term “local traffic.”¹⁸ Instead, the FCC refers to traffic that is
1764 subject to reciprocal compensation under Section 251(b)(5) as 251(b)(5) traffic. The use
1765 of “251(b)(5)” is consistent with the FCC’s classification of jurisdictional traffic:
1766 “251(b)(5),” “ISP-bound,” “IntraLATA” and “InterLATA.”

1767 **IC ISSUE 17: WHAT IS THE PROPER ROUTING AND TREATMENT OF**
1768 **INTRALATA TOLL TRAFFIC THAT IS SUBJECT TO A**
1769 **PRIMARY TOLL CARRIER (PTC) ARRANGEMENT?**

1770 **Agreement Reference: Intercarrier Compensation Section**
1771 **10.1**

1772 **Q. HOW SHOULD INTRASTATE, INTRALATA TOLL TRAFFIC BE ROUTED?**

1773 A. Intrastate/IntraLATA toll traffic that is not presubscribed to an IXC is carried by SBC on
1774 behalf of SBC end users, and is carried by Level 3 on behalf of its end users. SBC
1775 believes this traffic should be routed according to the Local Exchange Routing Guide
1776 (LERG) over Local Interconnection Trunk Groups between the Parties. See my
1777 discussion of the transiting issues above.

1778 **VIII. GENERAL TERMS AND CONDITIONS (GT&C) DEFINITIONS**

1779 **GT&C DEFINITION 1: SHOULD THE DEFINITION OF “ACCESS TANDEM**
1780 **SWITCH” BE LIMITED TO IXC-CARRIED**
1781 **TRAFFIC OR SHOULD IT INCLUDE INTRA-LATA**
1782 **TOLL TRAFFIC, SECTION 251(B)(5) TRAFFIC AND**
1783 **ISP-BOUND TRAFFIC?**

¹⁷ Level 3 Position Statement on Out of Exchange Issue OET 9 and OET 11.

¹⁸ See ISP Remand Order (FCC 01-131).

Agreement Reference: GT&C Definition of "Access Tandem Switch"

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1786 **Q. DOES THE LANGUAGE SBC HAS PROPOSED ACCURATELY DEFINE THE**
1787 **FUNCTION OF A TANDEM SWITCH?**

1788 A. Yes, as explained in Part II of my testimony, the language that SBC has proposed more
1789 accurately reflects the basic function of and types of traffic handled by, SBC tandems.

1790 **GT&C DEFINITION 9(a): SHOULD THE COMMISSION ADOPT A**
1791 **DEFINITION OF "LOCAL/ACCESS TANDEM**
1792 **TRUNK "?**

Agreement Reference: GT&C Definition of "Local/Access Tandem Switch"

1793
1794

1795 **Q. WHAT IS A "LOCAL/ACCESS TANDEM"?**

1796 A. A "Local/Access Tandem" is a tandem that handles Local traffic as well as Intra-LATA
1797 and Inter-LATA IXC traffic. SBC employs many different types of tandems, some of
1798 which either cannot handle IXC traffic or cannot effectively accommodate
1799 interconnection with CLECs. Section II of my testimony provides detail of the respective
1800 functions of the tandems utilized and deployed by SBC in this state.

1801 **Q. WHAT IS SBC'S PROPOSED LANGUAGE FOR THE DEFINITION OF A**
1802 **"LOCAL/ACCESS TANDEM"?**

1803 A. SBC proposes a Local/Access Tandem be defined in the GT&C Definitions as "a
1804 switching machine within the public switched telecommunications network that is used to
1805 connect and switch trunk circuits between and among other central office switches for
1806 Section 251(b)(5)/IntraLATA Traffic and IXC-carried traffic."

1807 **Q. WHAT IS LEVEL 3'S PROPOSED LANGUAGE FOR THE DEFINITION OF A**
1808 **"LOCAL/ACCESS TANDEM"?**

1809 A. Level 3 proposes the definition for Local/Access tandem be “an intermediate switch or
1810 connection between an originating telephone call location and the final destination of the
1811 call.”

1812 **Q. WHY DOES SBC DISAGREE WITH LEVEL 3’S PROPOSED DEFINITION OF A**
1813 **“LOCAL/ACCESS TANDEM”?**

1814 A. SBC disagrees with Level 3’s proposed definition of a Local/Access Tandem because it
1815 does not account for the type of traffic handled by the tandem. Level 3’s definition of
1816 Local/Access tandem applies to *any* tandem SBC utilizes- including those that cannot
1817 accommodate CLEC interconnection. The Commission should adopt the definition
1818 proposed by SBC because it provides the necessary detail regarding the type of traffic
1819 handled by a local/access tandem that is absent from Level 3’s proposed definition.

1820 **Q. WHY IS IT IMPORTANT TO INCLUDE THE DEFINITION OF A**
1821 **“LOCAL/ACCESS TANDEM” IN THE INTERCONNECTION AGREEMENT?**

1822 A. This term appears throughout various appendices, including the GTC Definitions and ITR
1823 Appendices, in both agreed-to and contested provisions. Hence, defining this term is
1824 necessary.

1825 **Q. LEVEL 3 WITNESS KENNETH L. WILSON STATES (AT P. 51) THAT ANY**
1826 **TANDEM WILL HANDLE ANY TYPE OF TRAFFIC AND, THEREFORE,**
1827 **SBC’S DEFINITION WHICH MAKES TRAFFIC DISTINCTIONS IS**
1828 **INAPPROPRIATE. HOW DO YOU RESPOND?**

1829 A. Mr. Wilson’s statement is factually wrong. Tandems handle specific types of traffic and
1830 are often unable to handle other types of traffic. For example, some of SBC’s tandems
1831 cannot handle IXC traffic. SBC’s Local Only tandems cannot handle IXC calls. Because
1832 of this, and because a “Local/Access Tandem” is a tandem that handles Local traffic as

well as Intra-LATA and Inter-LATA IXC traffic, the definition proposed by SBC is appropriate. The definition proposed by Level 3, on the other hand, is not.

Mr. Wilson raises this same baseless argument with respect to the definitions of “Local Interconnection Trunk Groups” (Def 10), “Local/IntraLATA Tandem Switch” (Def 11), “Local Only Tandem Switch (Def 12), and “Local Only Trunk Groups (Def 13), and it is equally without merit there.

Q. SHOULD THE COMMISSION ADOPT SBC’S DEFINITION?

A. Yes. SBC’s existing network architecture, including its tandem switches, are planned, forecast, designed, and engineered to serve specific functions in support of SBC’s end users as well as the end users of requesting carriers that interconnect to SBC’s network. It is inappropriate for Level 3 to define equipment within SBC’s network architecture to fit Level 3’s needs and in a manner inconsistent with how SBC deploys its network. Only SBC is aware of how its network architecture is deployed and the Commission should not allow Level 3 to define it as a hypothetical superior network.

GT&C DEFINITION 9(b): SHOULD THE DEFINITION OF “LOCAL/ACCESS TANDEM SWITCH” REFLECT THAT SUCH SWITCHES ARE USED FOR SECTION 251(B)(5)/ INTRALATA TRAFFIC AND IXC-CARRIED TRAFFIC?

Agreement Reference: GT&C Definition of
“Local/Access Tandem Switch”

Q. WHY DOES SBC INCLUDE A REFERENCE TO “SECTION 251(B)(5)/INTRALATA TRAFFIC AND IXC-CARRIED TRAFFIC” IN ITS DEFINITION OF A “LOCAL/ACCESS TANDEM”?

A. As discussed above, SBC believes it is important to specify what kind of traffic a tandem can handle because not all SBC tandems within SBC’s network can handle the same

1859 types of traffic. SBC provisions its Local/Access Tandems specifically to handle Section
1860 251(b)(5)/IntraLATA and IXC carried traffic.

1861 **Q. IF SBC'S PROPOSED LANGUAGE FOR THE DEFINITION OF**
1862 **"LOCAL/ACCESS TANDEM IS ADOPTED, WILL IT "REQUIRE LEVEL 3 TO**
1863 **BUILD DUPLICATIVE INTERCONNECTION TRUNKS" AS LEVEL 3**
1864 **INDICATES IN ITS ISSUE DESCRIPTION?**

1865 A. SBC's proposed definition does not create any additional obligations for Level 3. It
1866 simply defines the term "Local/Access Tandem."

1867 **Q. SHOULD THE COMMISSION ADOPT SBC'S DEFINITION?**

1868 A. Yes. As stated above in GT&C Issue 1, only SBC is aware of how its network
1869 architecture is deployed and the Commission should not allow Level 3 to define it as a
1870 hypothetical superior network.

1871 **GT&C DEFINITION 10(a): SHOULD THE COMMISSION ADOPT A**
1872 **DEFINITION OF "LOCAL**
1873 **INTERCONNECTION TRUNK GROUPS"?**

1874 **Agreement Reference: GT&C Definition of**
1875 **"Local Interconnection Trunk Groups"**

1876 **Q. WHAT ARE "LOCAL INTERCONNECTION TRUNK GROUPS"?**

1877 A. SBC defines "Local Interconnection Trunk Groups" as "two-way trunk groups used to
1878 carry Section 251(b)(5)/IntraLATA Traffic only."

1879 **Q. WHAT IS LEVEL 3'S PROPOSED LANGUAGE FOR THE DEFINITION OF**
1880 **"LOCAL INTERCONNECTION TRUNK GROUPS"?**

1881 A. Level 3 disagrees with SBC's definition of Local Interconnection Trunk Groups, but has
1882 not proposed an alternative definition.

1883 **Q. WHY DOES SBC BELIEVE IT IS IMPORTANT TO INCLUDE A DEFINITION**
1884 **OF "LOCAL INTERCONNECTION TRUNK GROUPS" IN THE GT&C**
1885 **DEFINITIONS?**

1886 A. The term “Local Interconnection Trunk Groups” appears throughout various appendices,
1887 including the OET, NIM and ITR Appendices, in both agreed-to and contested provisions
1888 (including some provisions that Level 3 is advocating. Therefore, SBC believes this term
1889 should be defined.

1890 **GT&C DEFINITION 10(b):** If the answer to GT&C Definition 10(a) is yes,
1891 should “Local Interconnection Trunk Groups”
1892 be defined as trunks used to carry Section
1893 251(b)(5)/Intra-LATA Traffic only?

1894 **Agreement Reference: GT&C Definition of**
1895 **“Local Interconnection Trunk Groups”**

1896 **Q. WHY DOES SBC INCLUDE A REFERENCE TO “SECTION**
1897 **251(B)(5)/INTRALATA TRAFFIC AND IXC-CARRIED TRAFFIC” IN ITS**
1898 **DEFINITION OF “LOCAL INTERCONNECTION TRUNK GROUPS”?**

1899 A. Again, SBC believes it is important to specify what kind of traffic a trunk group carries.
1900 Not all trunk groups, within SBC’s network, are designed, nor intended, to carry the same
1901 types of traffic. SBC engineers and bills its Local Interconnection Trunk Groups
1902 specifically to handle only Section 251(b)(5)/IntraLATA and IXC carried traffic. SBC
1903 believes Local Interconnection Trunk Groups must be defined to insure that only Section
1904 251(b)(5)/IntraLATA and IXC carried traffic is offered to those groups.

1905 **Q. IF SBC’S PROPOSED LANGUAGE IS ADOPTED, WILL IT “REQUIRE LEVEL**
1906 **3 TO BUILD DUPLICATIVE INTERCONNECTION TRUNKS” AS LEVEL 3**
1907 **INDICATES IN THEIR ISSUE DESCRIPTION?**

1908 A. SBC’s proposed definition does not create any additional obligations for Level 3. It
1909 simply defines the term “Local Interconnection Trunk Groups.”

1910 **GT&C DEFINITION 11(a):** **SHOULD THE COMMISSION ADOPT A**
1911 **DEFINITION OF “LOCAL/INTRALATA**
1912 **TANDEM SWITCH”?**

1913 **Agreement Reference: GT&C Definition of**
1914 **“Local/IntraLATA Tandem Switch”**

1915 **Q. WHAT IS THE DISPUTE IN THIS ISSUE BETWEEN THE PARTIES?**

1916 A. Level 3 would expand the definition of Local traffic to include IXC carried IXC traffic.

1917 **Q. WHAT IS A “LOCAL/INTRALATA TANDEM SWITCH”?**

1918 A. A “Local/IntraLATA Tandem Switch” is a tandem that handles Section 251(b)(5) Local
1919 traffic as well as Intra-LATA toll traffic, but it does not handle IXC carried traffic.

1920 **Q. SHOULD THE COMMISSION ADOPT SBC’S DEFINITION?**

1921 A. Yes. As stated above in GT&C Issue 1, only SBC is aware of how its network
1922 architecture is deployed and the Commission should not allow Level 3 to define it as a
1923 hypothetical superior network.

1924 **GT&C DEFINITION 11(b): IF THE ANSWER TO (A) IS YES, SHOULD**
1925 **THE DEFINITION OF “LOCAL/INTRALATA**
1926 **TANDEM SWITCH” REFLECT THAT SUCH**
1927 **SWITCHES ARE USED FOR SECTION**
1928 **251(B)(5)/INTRA-LATA TRAFFIC?**

1929 **Agreement Reference: GT&C Definition of**
1930 **“Local/IntraLATA Tandem Switch”**

1931 **Q. WHY DOES SBC INCLUDE A REFERENCE TO “SECTION**
1932 **251(B)(5)/INTRALATA TRAFFIC” IN ITS DEFINITION OF A**
1933 **“LOCAL/INTRALATA TANDEM SWITCH”?**

1934 A. SBC believes it is important to specify what kind of traffic a tandem can handle because
1935 not all SBC tandems within SBC’s network can handle the same types of traffic. If SBC
1936 determines a need for a Local/IntraLATA Tandem Switch, SBC would provision it
1937 specifically to handle Section 251(b)(5)/IntraLATA traffic only.

1938 **Q. IF SBC’S PROPOSED LANGUAGE IS ADOPTED, WILL IT “REQUIRE LEVEL**
1939 **3 TO BUILD DUPLICATIVE INTERCONNECTION TRUNKS” AS LEVEL 3**
1940 **INDICATES IN ITS ISSUE DESCRIPTION?**

1941 A. No. SBC's proposed definition does not create any additional obligations for Level 3. It
1942 simply defines the term “Local/IntraLATA Tandem.”

1943 **Q. SHOULD THE COMMISSION ADOPT SBC'S DEFINITION?**

1944 A. Yes. As stated above in GT&C Issue 1, only SBC is aware of how its network
1945 architecture is deployed and the Commission should not allow Level 3 to define it as a
1946 hypothetical superior network.

1947 **GT&C DEFINITION 12(a): SHOULD THE COMMISSION ADOPT A**
1948 **DEFINITION OF "LOCAL ONLY TANDEM**
1949 **SWITCH"?**

1950 **Agreement Reference: GT&C Definition of**
1951 **"Local Only Tandem Switch"**

1952 **Q. WHAT IS A "LOCAL ONLY TANDEM SWITCH"?**

1953 A. A "Local Only Tandem Switch" is a tandem that handles only Local traffic. It does not
1954 handle Intra-LATA or Inter-LATA IXC carried traffic.

1955 **Q. WHAT IS SBC'S PROPOSED LANGUAGE FOR THE DEFINITION OF A**
1956 **"LOCAL ONLY TANDEM"?**

1957 A. SBC proposes that a Local/Access Tandem be defined in the GT&C Definitions as "a
1958 switching machine within the public switched telecommunications network that is used to
1959 connect and switch trunk circuits between and among other central office switches for
1960 Section 251(b)(5) and ISP Bound Traffic."

1961 **Q. WHAT IS LEVEL 3'S PROPOSED LANGUAGE FOR THE DEFINITION OF A**
1962 **"LOCAL ONLY TANDEM"?**

1963 A. Level 3 disagrees with SBC's definition of a Local Only Tandem, but it has not proposed
1964 an alternative definition.

1965 **Q. WHY IS THE DEFINITION OF A "LOCAL ONLY TANDEM" IMPORTANT?**

1966 A. This term appears throughout various appendices, including the OET and ITR
1967 Appendices, in both agreed-to and contested provisions. Hence, SBC believes defining
1968 this term is necessary.

1969 **Q. SHOULD THE COMMISSION ADOPT SBC'S DEFINITION?**

1970 A. Yes. As stated above in GT&C Issue 1, only SBC is aware of how its network
1971 architecture is deployed and the Commission should not allow Level 3 to define it as a
1972 hypothetical superior network.

1973 **GT&C DEFINITION 12(b): IF THE ANSWER TO (A) IS YES, SHOULD**
1974 **THE DEFINITION OF "LOCAL ONLY**
1975 **TANDEM SWITCH" REFLECT THAT SUCH**
1976 **SWITCHES ARE USED FOR SECTION**
1977 **251(B)(5) AND ISP-BOUND TRAFFIC?**

1978 **Agreement Reference: GT&C Definition of**
1979 **"Local Only Tandem Switch"**

1980 **Q. WHY DOES SBC INCLUDE A REFERENCE TO "SECTION**
1981 **251(B)(5)/INTRALATA TRAFFIC" IN ITS DEFINITION OF A "LOCAL ONLY**
1982 **TANDEM SWITCH"?**

1983 A. SBC believes it is important to specify what kind of traffic a tandem can handle because
1984 not all SBC tandems within SBC's network can handle the same types of traffic. SBC
1985 utilizes Local Only Tandem Switches in 10 of the states in which it operates. SBC
1986 designs and provisions Local Only Tandem switches to handle Section 251(b)(5) non-
1987 Intra-LATA local and ISP Bound traffic only.

1988 **Q. IS A LOCAL ONLY TANDEM SWITCH CAPABLE OF SUPPORTING IXC**
1989 **CARRIED ACCESS TRAFFIC?**

1990 A. No. In attempting to address the jurisdictional nature of traffic from a compensation
1991 perspective, Level 3 witness Wilson incorrectly asserts that a Local Only Tandem Switch

1992 can support IXC carried access traffic.¹⁹ This is simply not true, as I explained in my
1993 testimony on Issue ITR 4(a) above.

1994 **Q. IF SBC'S PROPOSED LANGUAGE IS ADOPTED, WILL IT "REQUIRE LEVEL**
1995 **3 TO BUILD DUPLICATIVE INTERCONNECTION TRUNKS" AS LEVEL 3**
1996 **INDICATES IN ITS ISSUE DESCRIPTION?**

1997 A. SBC's proposed definition does not create any additional obligations for Level 3. It
1998 simply defines the term "Local Only Tandem."

1999 **Q. SHOULD THE COMMISSION ADOPT SBC'S DEFINITION?**

2000 A. Yes. As stated above in GT&C Issue 1, only SBC is aware of how its network
2001 architecture is deployed and the Commission should not allow Level 3 to define it as a
2002 hypothetical superior network.

2003 **GT&C DEFINITION 13: SHOULD THE DEFINITION OF "LOCAL**
2004 **ONLY TRUNK GROUPS" REFLECT THAT**
2005 **SUCH TRUNK GROUPS ARE USED FOR**
2006 **SECTION 251(B)(5) TRAFFIC ONLY?**

2007 **Agreement Reference: GT&C Definition of**
2008 **"Local Only Trunk Groups"**

2009 **Q. WHAT IS SBC'S PROPOSED DEFINITION FOR "LOCAL ONLY TRUNK**
2010 **GROUPS" IN GT&C DEFINITION 13?**

2011 A. SBC's defines Local Only Trunk Groups as "two-way trunk groups that carry Section
2012 251(b)(5) Traffic only."

2013 **Q. WHAT IS LEVEL 3'S PROPOSED DEFINITION FOR "LOCAL ONLY TRUNK**
2014 **GROUPS"?**

2015 A. Level 3 defines Local Only Trunk Groups as "two-way trunk groups that carry Section
2016 251(b)(5) Telecommunications Services Traffic only."

¹⁹ Wilson (at p. 53) states that a "local only tandem switch can switch toll traffic in either direction without modification if access billing is done using percent local use (PLU)" and that "resolution of Issue 2 will determine

2017 **Q. WHY DOES SBC OBJECT TO LEVEL 3'S PROPOSED DEFINITION FOR**
2018 **"LOCAL ONLY TRUNK GROUPS"?**

2019 A. The term "Telecommunications Services" is very broad. SBC believes using Level 3's
2020 proposed definition would allow non-Section 251(b)(5) Traffic to be improperly
2021 commingled with Section 251(b)(5) Traffic over Local Only Trunk Groups.
2022 Commingling the two different types of traffic over the same trunk group would lead to
2023 improper billing of the non-Section 251(b)(5) Traffic.

2024 **GT&C DEFINITION 14(a): SHOULD THE COMMISSION ADOPT A**
2025 **DEFINITION OF "LOCAL TANDEM"?**

2026 **Agreement Reference: GT&C Definition of**
2027 **"Local Tandem"**

2028 **Q. WHAT IS A "LOCAL TANDEM SWITCH"?**

2029 A. A "Local Tandem Switch" is a term that identifies any type of tandem that handles local
2030 traffic and serves a specific Local Calling Area (LCA). A Local Tandem can be a Local
2031 Only, a Local/IntraLATA, or a Local/Access Tandem. Section II of my testimony
2032 provides detail of the respective functions of the tandems utilized and deployed by SBC
2033 in this state.

2034 **Q. WHAT IS SBC'S PROPOSED LANGUAGE FOR THE DEFINITION OF A**
2035 **"LOCAL TANDEM"?**

2036 A. SBC proposes that a Local Tandem be defined in the GT&C Definitions as "any Local
2037 Only, Local/IntraLATA, Local/Access or Access Tandem Switch serving a particular
2038 LCA."

2039 **Q. WHY IS THE DEFINITION OF A "LOCAL TANDEM" IMPORTANT?**

the definition of Local Only Tandem Switch."

2040 A. This term appears throughout various appendices, including the NIM, the IC, and the ITR
2041 Appendices, in both agreed-to and contested provisions, as well as provisions that Level
2042 3 advocates. Hence, SBC believes defining this term is necessary.

2043 **Q. SHOULD THE COMMISSION ADOPT SBC'S DEFINITION?**

2044 A. Yes. As stated above in GT&C Issue 1, only SBC is aware of how its network
2045 architecture is deployed and the Commission should not allow Level 3 to define it as a
2046 hypothetical superior network.

2047 **GT&C DEFINITION 14(b):** If the answer to (a) is yes, should the definition of
2048 "Local Tandem" include any Local Only, Local/IntraLATA,
2049 Local/Access, or Access Tandem Switch, as defined, serving a
2050 particular LCA?

2051 **Agreement Reference: GT&C Definition of "Local Tandem"**

2052 **Q. WHAT IS LEVEL 3'S PROPOSED LANGUAGE FOR THE DEFINITION OF A**
2053 **"LOCAL ONLY TANDEM"?**

2054 A. Level 3 disagrees with SBC's definition of a Local Tandem, but it has not proposed an
2055 alternative definition. SBC wishes the Commission to adopt the definition SBC
2056 proposes.

2057 **Q. WHAT IS LEVEL 3'S POSITION CONCERNING THE VARIOUS DEFINITIONS**
2058 **OF TANDEM SWITCHES AS PROPOSED BY SBC?**

2059 A. Mr. Wilson (p. 54) complains that SBC's definition is "very generic in nature" and
2060 proposes that the various definitions of tandem switches be replaced with one definition
2061 of the term "tandem switch" as follows: "A switching machine within the public
2062 switched telecommunications network that is used to connect the switch trunk circuits
2063 between and among other central offices switches."

2064 **Q. HOW DO YOU RESPOND?**

2065 A. To begin with, Level 3 contradicts itself by, on the one hand, complaining that SBC's
2066 definition of "Local Tandem" is too generic and, on the other hand, proposing one
2067 overly-broad, generic definition of "Tandem Switch" to cover all the types of tandem
2068 switches. In any event, it would be inappropriate to use one broad definition for all
2069 tandem switches. As discussed above, different types of tandem switches carry different
2070 types of traffic and each type tandem should be defined accordingly. Mr. Wilson's
2071 definition fails to take into account Access Tandem Switches, which provide connection
2072 between central office switches and interexchange carriers (IXCs) for access traffic. His
2073 definition also fails to acknowledge that tandem switches also connect between and
2074 among other tandem switches. SBC's existing network architecture, including its tandem
2075 switches, are planned, forecast, designed, and engineered to serve specific functions in
2076 support of SBC's end users, as well as the end users of requesting carriers that
2077 interconnect to SBC's network. It is inappropriate for Level 3 to define equipment within
2078 SBC's network architecture to fit Level 3's needs and in a manner inconsistent with how
2079 SBC deploys its network.

2080 **Q. SHOULD THE COMMISSION ADOPT SBC'S DEFINITION?**

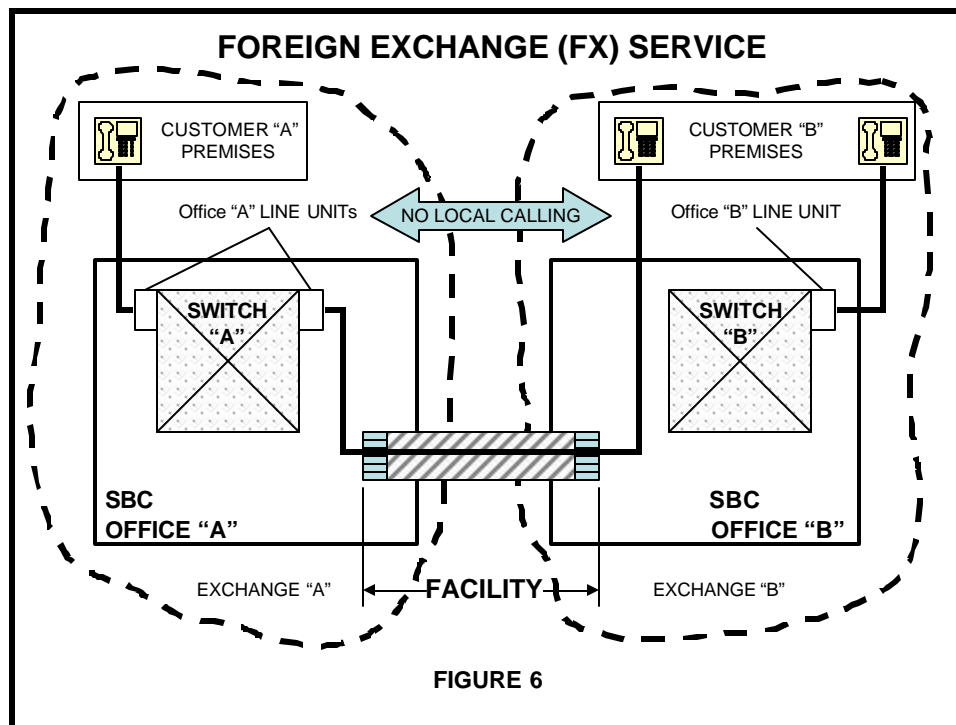
2081 A. Yes. As stated above in GT&C Issue 1, only SBC is aware of how its network
2082 architecture is deployed and the Commission should not allow Level 3 to define it as a
2083 hypothetical superior network.

2084 **GT&C DEFINITION 21(a): SHOULD VIRTUAL FOREIGN EXCHANGE**
2085 **TRAFFIC, VIRTUAL NXX TRAFFIC AND FX-**
2086 **TYPE TRAFFIC BE DEFINED AS TRAFFIC**
2087 **DELIVERED TO TELEPHONE NUMBERS**
2088 **THAT ARE RATED AS LOCAL BUT**
2089 **ROUTED OUTSIDE OF THAT MANDATORY**
2090 **LOCAL CALLING AREA?**

**Agreement Reference: GT&C Definitions for
"Virtual Foreign Exchange Traffic", "Virtual
NXX Traffic" and "FX-Type Traffic"**

Q. WHAT IS FOREIGN EXCHANGE (FX) SERVICE?

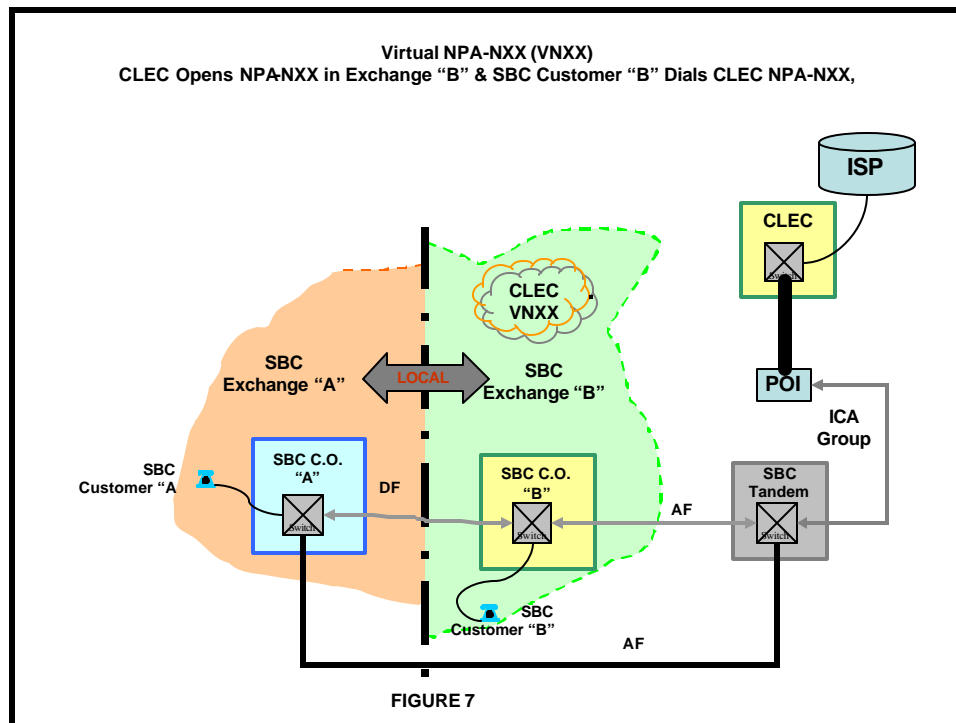
A. Figure 6 illustrates an example of Foreign Exchange (FX) service that SBC provides to its customers. Customer A lives in Exchange "A". Customer B lives in Exchange "B". There is no Local Calling between Exchange "A" and Exchange "B," therefore customer A must pay a toll charge whenever he calls customer B's telephone number served out of switch "B". Customer B wants Customer A to be able to call his business at a Local Rate, so he purchases SBC's FX Service, and obtains a line appearance and a telephone number served out of switch "A". Customer B will now have two telephone sets or lines at his premises, but customer A can reach customer B by dialing customer B's Exchange "A" telephone number.



Q. WHAT IS VIRTUAL NXX (VNXX) AND HOW DOES IT WORK?

A. Virtual NXX (VNXX) is where an NXX is opened for a rate center in which the customer has no physical location within the geographical area of the rate center. In VNXX, a carrier opens a code in an exchange without any equipment or physical presence within the community of interest, thus the term virtual. VNXX is typically used in order to offer ISP service to a community remotely.

The Virtual NXX architecture CLECs propose would force all calls from the originating exchange to be transported to a POI of some distance, so that the CLEC or its customer can shift the cost of transporting these calls to SBC. The customer does not even reside in the community where the NPA-NXX is being FXed from, hence its “virtual” nature.



GT&C DEFINITION 21(b): SHOULD "FX TELEPHONE NUMBERS" BE DEFINED AS TELEPHONE NUMBERS WITH DIFFERENT RATING AND ROUTING

**POINTS RELATIVE TO A GIVEN
MANDATORY LOCAL CALLING AREA?**

**Agreement Reference: GT&C Definition of "FX
Telephone Numbers"**

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2121

2122
2123

2124 **Q. WHAT IS THE NATURE OF THE DISPUTE BETWEEN SBC AND LEVEL 3**
2125 **REGARDING GT&C DEFINITION 21(B)?**

2126 A. SBC and Level 3 disagree over the definition of "FX Telephone Numbers" as it relates to
2127 transport responsibilities for VNXX delivered calls, as also discussed in ITR Issue 14(c).

2128 **Q. WHO SHOULD BE RESPONSIBLE?**

2129 A. FX Telephone numbers, as deployed in SBC's network, are used to give SBC end users
2130 local dialing to exchanges that would normally be toll. But under this scenario, the end
2131 user's line is extended to the foreign exchange end office where dial tone is provided.
2132 The end user that has purchased the FX service pays for the facilities necessary to extend
2133 his line to the foreign exchange. Therefore, SBC is responsible for call delivery and is
2134 appropriately compensated by the FX end user for delivering the call from the end user in
2135 the foreign exchange.

2136 Level 3's Virtual NXX, on the other hand, places the responsibility for delivering
2137 the call from the end user in the foreign exchange to the VNXX end user onto SBC. As a
2138 result, SBC is unable to recover its cost for delivery of what would normally be a toll
2139 call, for which SBC would be compensated at Access rates.

2140 The Commission should rule in favor of SBC on GT&C Definition 21(b).

2141 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2142 A. Yes it does.